

SUSTAINABILITY REPORT 2018









GOAL

To provide our customers with the highest quality of service while focusing on the safety of our crew and the protection of the environment.

MISSION

Danaos Shipping CO. LTD. ("Danaos Shipping" or the "Company") seeks to provide safe, efficient and cost-effective seaborne container transportation and remain the premier choice for containership owners. To meet this goal, we continuously make substantial investments in operational, technical and financial infrastructure, while striving for environmentally friendly solutions.

OUR VALUES

- Enhancing the training of our personnel ashore and on-board
- Integrating the vessels in the organization
- Actively participating and leading research & development projects
- Promoting the Company culture and bonding of all personnel on board
- Seeking growth by our strong comparative advantages to become the leader in our sector



CONTENTS

Message from the Company's Management	4
Sustainability Report 2018	5
About the Company	6
A 47-year History	6
Company milestones	6
Our Vision - Our Values	7
Our Products and Services	8
Financial Information	8
Corporate Governance	9
Our Policies & Certifications	9
Our Awards and Distinctions	11
Participation in Associations, Events and Organizations	13
Our Stakeholders	15
Materiality Assessment	20
Our Employees	23
Our Employees are our first priority	23
Health & Safety of our Employees	25
Training and Development of our Employees	27
Employee and Community Engagement	30
Employee Engagement	30
Our support to the Community	34
Operations & Environmental Protection	44
Energy	57
Biodiversity	62
Waste and Spills	64
Emissions	67
Compliance with environmental laws and regulations	73
Responsibility for our Clients	75
Supply Chain	75
Evaluation & Audit Inspections	76
Anti- corruption	79
Actions and Future Goals	80
Sustainable Development Goals	84
GRI Index	87





MESSAGE FROM THE COMPANY'S MANAGEMENT

Every aspect of our activities reflects the core values of the Company, such as the provision of quality services to our clients, the training and development of our employees, off-shore and on-shore, the constant upgrade of our fleet and the commitment to innovation, research and development. In order to uphold these values, we strive to maintain the highest level of ethical conduct and social and environmental responsibility.

The present Sustainability Report is our third attempt to communicate to our stakeholders our sustainability strategy and our social initiatives. Our goal is the transparent and complete representation of our strategy and our performance; hence for the first time we decided to use the most widely used sustainability reporting guidelines, those of the Global Reporting Initiative. Our commitment to sustainability is evident through our actions, performance and initiatives for our employees, the society and the environment.

Our employees are our most important asset, thus we give our maximum attention to their health, safety and wellbeing, as well as to their constant training and development. Through a variety of employee initiatives we build teamwork and create a safe and enjoyable working environment.

Last year we decided to adopt the United Nations Agenda for 2030, as it is expressed through the Sustainable Development Goals. It is our decision to actively contribute to the promotion of the prosperity and safety of people, to the protection of the environment and to sustainable SHIPPING. We have

set as priorities the goals which are directly linked to our initiatives and the challenges of our sector, as well as with the material issues, as they are defined in the present report.

It is crucial to understand the impact we have as a Company and as individuals on the environmental and on society, to understand how we interact with each other and our stakeholders, and how we interpret the changes in each pillar of sustainability, the economy, the environment and society, and to be better prepared for the future in order to ensure the long-term growth of Danaos Shipping.

In our previous report we set sustainability goals relating to our employees and crew, our environmental performance, our social initiatives and to our relationship with our suppliers. We are pleased that we managed to further enhance our employee training program, that more employees participated in volunteering actions, for achieving a significant increase of the near-miss reports recorded in our system, that we covered 20% of IHM for the total fleet, and that we maintained and enhanced the social programs and initiatives we support. This year we are setting even more ambitious goals relating to employees and crew, to environmental protection, our suppliers and for the communities; goals and targets that showcase our commitment to sustainability and its integration to our everyday activities and corporate strategy.

The Management Team of
Danaos Shipping

SUSTAINABILITY REPORT 2018

Targets and Reporting Period of the Report

This sustainability report is the Company's third attempt to represent the strategy and the annual actions of the Company in the four pillars of Corporate Social Responsibility, the Environment, Society, our Employees and the Marketplace for the period between January 1st and December 31st 2018.

The Report includes our commitments regarding the principles and the strategy of Danaos Shipping on Corporate Social Responsibility, as well as the progress made in the goals that were set in our previous report.

Global Reporting Initiative (GRI)

This is the third sustainability report of the Company in total, and the second report based on the guiding

Aim

The aim of the present sustainability report is to inform all stakeholders of Danaos Shipping of our sustainability performance, in a complete, comprehensive manner.

principles of the Global Reporting Initiative (GRI) and more specifically on the new GRI STANDARDS (In Accordance with Core), which are the most recognized and demanding guidelines globally.

Contact for the Report

For any further queries concerning the Social Responsibility Report and our Social Responsibility Initiatives for 2018, you may contact sustainability@danaos.com





ABOUT THE COMPANY

**OUR GOAL IS SIMPLE – TO
PROVIDE OUR CUSTOMERS
WITH THE HIGHEST
QUALITY OF SERVICE
WHILE FOCUSING ON THE
SAFETY OF OUR CREW AND
THE PROTECTION OF THE
ENVIRONMENT.**

A 47-year History

Danaos Shipping is the exclusive Manager of Danaos Shipping (DAC). Danaos Shipping is a leading international owner of container ships who deploys its containership fleet principally under multiyear charters with major liner companies that operate regularly scheduled routes between large commercial ports.

Founded in 1972, Danaos Shipping has developed into a well-structured organization, putting emphasis on technological solutions to optimize the management of its vessels.

Our goal is simple – to provide our customers with the highest quality of service while focusing on the safety of our crew and the protection of the environment. Each department has clear lines of authority and accountability.

Additionally, specific responsibilities and tasks have been assigned to all managers in their specific areas of management, including taking relevant environmental protection and risk reduction measures, ensuring compliance with the Company's Safety Management System (DSMS), and reporting to regulatory agencies and use of corrective action when required

Apart from supervising compliance with the requirements of the DSMS policies, the Company's management is also responsible for meeting the environmental and safety requirements set by Danaos Shipping stakeholders and business partners. For this reason, we have established incentive programs for all managers and other key people to promote and encourage them to meet or exceed DSMS standards and procedures.

The company's strategy is simple. First and foremost, we are dedicated to serving the needs of our customers. We accomplish this by remaining committed to the quality of our service, the safety of our crews, and the pursuit of technological innovation. Our disciplined and focused business model has allowed us to survive and prosper through multiple economic cycles, and we believe we are well positioned to participate in each growth cycle and continue to be an industry consolidator.



Company milestones

The company's 47-year course and growth has gone through various stages. The main milestones are described in the following graph:

1963-1978

During the early 1960's Dimitris Coustas was drawn towards shipping and began making his first investments. In 1963 he purchased his first ship, a 3,600 dwt single-deck freighter that he subsequently renamed "Amalia" to honor his wife, Amalia Coustas. By 1966, Dimitris, along with a business partner, owned 3 vessels. In 1972, Dimitris assumed sole control of the company, which began operating as DANAOS Shipping, an entity that survives to this day and acts as our operations manager. Three years later, the fleet totaled 5 vessels with an aggregate capacity of 35,000 tons.

1963-1978

1977-1986

By 1981, Dimitris Coustas had reduced the company's fleet to a single vessel, 'John,' named after his son. He proceeded to order three new vessels, which were delivered in 1984.

In 1986, DANAOS Management Consultants was co-founded by Dr. John Coustas. This company has been responsible for the creation of innovative and dynamic vessel navigation and management systems that are deployed throughout the industry. DANAOS Corporation prides itself on having a distinct edge in technology and information systems. To this day, our affiliate software house DANAOS Management Consultants is regarded as a world leader in technology solutions for the shipping industry.

1977-1986

2006-Present

2006-Present

On October 6, 2006, DANAOS Corporation began trading on the New York Stock Exchange under the symbol 'DAC.'

Since then, DANAOS' fleet has grown from 27 containerships with an aggregate capacity of 116,115 TEUs to 59 containerships with an aggregate capacity of 353,586 TEUs. This includes four vessels acquired by Gemini Shipholdings Corporation, in which DANAOS holds a 49% equity interest.

1992-2005

DANAOS' containership capacity grew at a 32% annual compound rate from 1993 to 2005.

This growth occurred through multiple shipping cycles and was aided by the broad range of relationships we have developed and the quality of service provided to our customers, as well as our ability to exploit market opportunities during periods when there have been lower market demand and prices for containerships.

Shipping operations were consolidated under a single entity in 1998. Our named was changed to DANAOS Corporation in connection with our incorporation in the Republic of the Marshall Islands in 2005.

1992-2005

1987-1992

1987-1992

In 1987, Dimitris Coustas appointed his son, Dr. John Coustas as Managing Director and CEO of DANAOS

After assuming management of DANAOS, John began to implement a strategy focused on acquiring large, modern containerships which would then be chartered to international liner companies. When John assumed the position of CEO, the DANAOS fleet consisted of three bulk carriers. In the early 1990s, John began to dramatically expand the fleet, beginning with the acquisition of 7 2,700 TEU containerships, which were subsequently leased to the Korean company Hanjin for on long-term charters.





OUR VISION OUR VALUES

WE IMPLEMENT THE HIGHEST STANDARDS OF
EFFICIENCY, SAFETY, AND RELIABILITY BY:

- Enhancing the training of our personnel ashore and on-board.
- Integrating the vessels in the organization.
- Actively participating in and leading research & development projects.
- Promoting Company culture and bonding of all personnel on board and ashore.
- Seeking growth based on our strong comparative advantages to become the leader in our sector.



OUR MISSION STATEMENT

IN DANAOS SHIPPING WE SEEK TO PROVIDE
SAFE, EFFICIENT AND COST-EFFECTIVE
SEABORNE CONTAINER TRANSPORTATION
AND REMAIN THE PREMIER CHOICE
OF CONTAINERSHIP OWNERS. TO
MEET THIS GOAL, WE CONTINUOUSLY
MAKE SUBSTANTIAL INVESTMENTS IN
OPERATIONAL, TECHNICAL AND FINANCIAL
INFRASTRUCTURE WHILE STRIVING FOR
ENVIRONMENTALLY FRIENDLY SOLUTIONS.

Our Products and Services

We are an international provider of seaborne transportation services and one of the world's leading providers of containership operations. The fleet managed by Danaos Shipping boasts modern, high-quality vessels. Many of our containerships were built in the last five years, using the latest in design innovations, and all enjoy a reputation for safety and reliability in the industry.

At the moment, we manage 59 container vessels ranging from 2,200 TEU to 13,100 TEU.

Financial Information

DANOS SHIPPING has built a strong reputation in the SHIPPING community by providing customized, high quality operational services in an efficient manner for both new and older vessels. Danaos Shipping provides Danaos Shipping (DAC) with technical, administrative, and certain commercial services.

The profitability of Danaos Shipping and growth are materially linked to the operation of DAC from which the Company derives all of its revenue. DAC's financial information can be located on the corporate website (<https://www.DANAOS.com/investors/financial-information/financial-summary/default.aspx>)

The financial statements of Danaos Shipping are audited on an annual basis by PricewaterhouseCoopers S.A., an independent registered public accounting firm. The audits conducted by PricewaterhouseCoopers S.A. are in accordance with International Standards on Auditing (ISAs), whilst the Company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113 which the Company is subject to as it has been incorporated pursuant to the laws of Cyprus.

59 container vessels

2,200 TEU

13,100 TEU

8 X 2,200 TEU



11 X 6,500 TEU



3 X 2,500 TEU



7 X 8,500 TEU



6 X 3,400 TEU



2 X 9,600 TEU



12 X 4,300 TEU



3 X 10,100 TEU

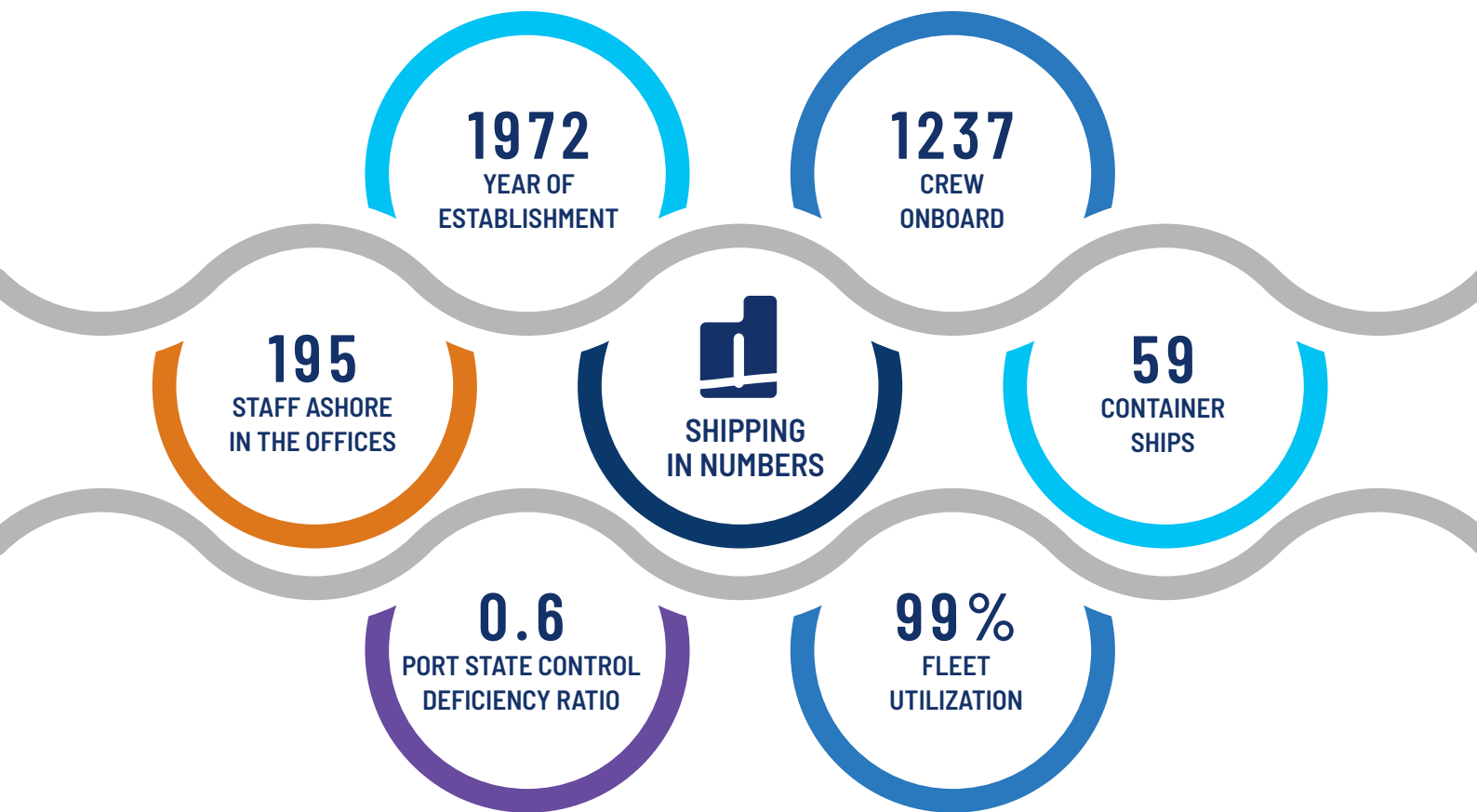


2 X 5,500 TEU



5 X 13,100 TEU





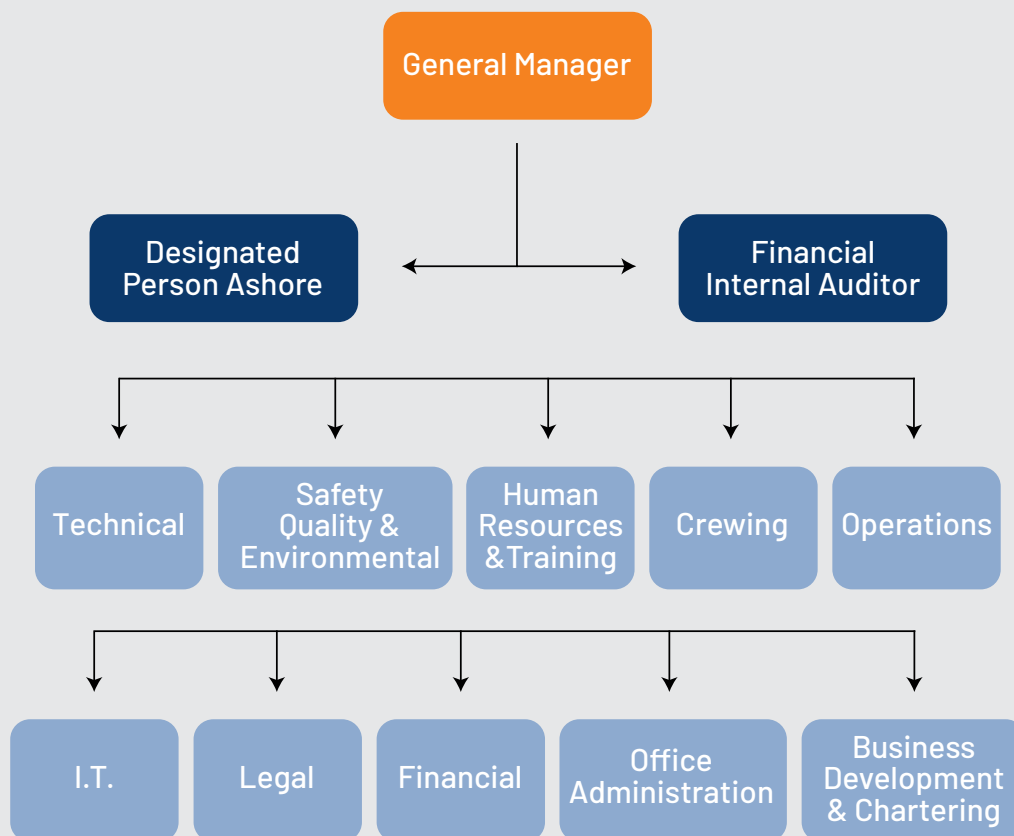
CORPORATE GOVERNANCE

Having established standard operating procedures, we have created accountability and a culture of compliance throughout our organization. This helps us ensure that our operations are consistent with environmental and safety laws, regulations and requirements. We have developed and implemented procedures for identifying, interpreting and effectively communicating compliance issues to our shore-based and onboard personnel.

All our employees as well as our vendors, agents, technicians, contractors and consultants involved in the management or operation of any vessel operated by us are encouraged to report any environmental violations and other safety compliance issues directly to the Company.

We provide a safe system for anyone who wishes to report an environmental violation to the Company in good faith. However, we retain the right to dismiss any employee or crew member on board any of the ships under our management for violation of the Company's environmental protection policies or applicable international rules and laws. We have established procedures for the receipt, recording, investigation, evaluation, reporting and closing of such reports. The online reporting capability does not substitute the Company's systems for reporting non-conformities, accidents, near misses or other non-compliance events. Rather, it complements and/or supplements the Company's reporting systems.

The following organization chart describes the Company's structure:





**WE HAVE CREATED
ACCOUNTABILITY AND A
CULTURE OF COMPLIANCE
THROUGHOUT OUR
ORGANIZATION**

Our Policies & Certifications

ISO 14001 – ENVIRONMENTAL MANAGEMENT

ISO 14001 is an international standard that sets forth the requirements for a SHIPPING Company to develop an Environmental Management System to control and minimize the environmental footprint of its operation. The Company was first certified in 2008. It is an immensely important certification, as it presents a number of benefits for Danaos Shipping:

- Increases employees' awareness of the environmental impacts associated with their daily tasks
- Ensures compliance with statutory and regulatory requirements
- Reduces the number of possible environmental defects during a port state control inspection and/or eliminates potential fines from non-compliance
- Provides discounts on port dues
- Improves Company reputation and the confidence of customers
- Achieves strategic business aims by incorporating environmental issues into business management
- Provides a competitive and financial advantage through efficient use of materials and reduced waste
- Encourages better environmental performance of suppliers by integrating them into the organization's system.

ISO 9001 – QUALITY MANAGEMENT

ISO 9001 is an international standard focused on the quality of the ship management system and driven by a set of principles, including customer focus, management commitment, process approach and continual improvement. The Company was first certified in 2015. Through the ISO 9001 there are multiple benefits for the employees, such as:

- Increased reliability of services
- Greater competitiveness
- Productivity improvement
- Cost reduction and process improvement
- Decreased process errors
- Upgraded quality of services
- Enhanced customer satisfaction.

ISO 50001 – ENERGY MANAGEMENT

ISO 50001 is a voluntary international standard developed to provide organizations with an internationally recognized framework to manage and improve energy efficiency. The Company was first certified in 2016. Through the ISO 50001 certification there are multiple benefits for Danaos Shipping, such as:

- Increased energy awareness among staff members at all levels
- Reduced greenhouse gas emissions and carbon footprint



- Increased energy cost savings for the organization and charterers alike
- Increased knowledge of equipment efficiencies
- Improved operational efficiencies and maintenance practices
- Enhanced corporate image and credibility with all stakeholders

ETHICS AND GOVERNANCE

Danaos Shipping, being the exclusive manager of DAC, follows and abides by the Code of Business Conduct and Anti-Fraud Policy of DAC. The purpose of the Code of Business Conduct is to uphold the reputation and integrity of DAC, its subsidiaries and its affiliate Company which are valuable assets, vital to the Company's success. Each employee of the Company, including each of the Company's officers, is responsible for conducting the Company's business in a manner that demonstrates a commitment to the highest standards of integrity. No Code of Conduct can replace the thoughtful behavior of an ethical employee. The purpose

of this Code is to raise employee awareness on areas concerning ethical risk, provide guidance to help employees recognize and deal with ethical issues, provide mechanisms for employees to report unethical conduct, and foster among them a culture of honesty and accountability. Dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether such conduct is specifically referenced herein.

- Specifically, the Corporate Governance Guidelines include the following:
- Danaos Shipping Anti-fraud Policy
- Code of Business Conduct & Ethics
- Code of Conduct & Ethics for Corporate Officers & Directors
- Ethics & Compliance Policy

In 2018 there were no fines for non-compliance with social and economic laws and regulations concerning provision and use of products and services.

A high-speed photograph of a globe splashing into water. The globe is positioned on the right side of the frame, tilted slightly. It is surrounded by a large, dynamic splash of water that extends across the top and left. The water droplets are frozen in time, creating a sense of movement and energy. The globe itself shows the continents of North and South America in a golden-brown hue, contrasting with the deep blue of the oceans. The background is a light, clear blue, emphasizing the water and the globe.

**BE HAPPY
TO CHANGE
YOUR GOALS,
BUT NEVER
CHANGE YOUR
VALUES**

Dalai Lama

Our Awards and Distinctions

We have consistently been recognized as a pioneer in operational efficiency and technological innovations. The recognitions we have received serve as validation and give us added inspiration to continue working to make meaningful contributions for a more sustainable, eco-friendly future in shipping.



Certificate of Corporate Responsibility 2018 by Stellwagen Bank National Marine Sanctuary and International Fund for Animal Welfare



An important distinction for Danaos Shipping to honour our commitment to Right Whale Ship Strike Reduction Rule applied to designated Seasonal Management Areas within the sanctuary. It certainly represents a recognition of our efforts for the protection and preservation of Right Whales.

AMVER SYSTEM FIDELITY AWARD TO GREEK SHIPPING 2018

Danaos Shipping has a long standing presence in the AMVER System, spanning for more than twenty years, during which we have been a proud participant achieving a high ranking for all consecutive years. The Automated Mutual Assistance Vessel Rescue reporting system (AMVER) is a unique, computer-based and voluntary global ship reporting system sponsored by the United States Coast Guard and used worldwide in search and rescue operations to assist persons in distress at sea.

Danaos Shipping was ranked 2nd in 2018, in recognition of our continuous enrolment in the AMVER System, while our vessels M/V Singapore and M/V Express Argentina have been awarded with rescue awards for the lifesaving activity of the crew.

Danaos Shipping not only encourages but also supports the AMVER System as a standard policy that promotes the position of all its fleet vessels towards the US Coast Guard response. We are proud and happy to enroll almost all of our fleet vessels in the AMVER System, targeting to save more lives at sea, and we are grateful that our long-lasting efforts have been recognized through the Fidelity Awards.

Participation in Associations, Events and Organizations

We are actively seeking the participation in industry associations and committees in order to contribute to the advancement of the sector through the exchange of experience and knowhow, as well as to the support and promotion of sustainability and environmental issues.

- UNION OF GREEK SHIPOWNERS – Represents Greek-owned commercial vessels over 3000 GT under Greek and other flags
- SYN-ENOSIS – The Greek Ship-owners social welfare Company
- CYPRUS UNION OF SHIPOWNERS – The major representative organization of the international SHIPPING community with vessels under the Cyprus flag
- MALTA SHIPOWNERS
- PEMEN – Union of Engineers of the Greek Merchant Marine
- PEPEN – Union of Masters and Mates of the Greek Merchant Marine





20TH ANNUAL MARINE MONEY GREEK SHIP FINANCE FORUM

In the 20th Annual Marine Money Greek Ship Finance Forum 2018, Dr. Coustas and Mr. Prokopakis, together with other leading Ship owners, discussed the changing Greek shipping and finance landscape and how they have shaped their companies to adjust to the trends, staying ahead of the crowd.

During the panel discussion, Dr. Coustas and Mr. Prokopakis discussed topics such as the importance of a shipping company being able to adapt to new technological and financial models, the investment in the Container industry, the role of technology in the quest to decrease bureaucracy and costs and increase time efficiency, scrubbers and fuel efficiency.



"MOVING AHEAD" 1ST GOLDEN DESTINY SHIPPING FORUM 2018

Mr Filippas Prokopakis our Commercial Manager, participated as a panel speaker at the "Moving Ahead" 1st Golden Destiny Shipping Forum which took place in Athens. Greek Ship owners and well established executives from the industry exchanged knowledge, views and insights regarding the future of the shipping sector, by combining the experience and enthusiasm of the senior and younger generations of Shipping.

- AMERICAN HELLENIC CHAMBER
- PIRAEUS MARINE CLUB
- GREEK SHIPPING PUBLICATIONS
- BIMCO – Baltic and International Maritime Council
- HELMEPA – Hellenic Marine Environment Protection Association
- PEMMEKEN – Union of Engineers of Internal Combustion Engines of Greek Merchant Marine
- CSSF (Container Ship Safety Forum)



OUR STAKEHOLDERS

Stakeholder Engagement

Danaos Shipping recognizes the importance of all stakeholder groups whether these are internal stakeholders such as shareholders and employees (seafarers and office employees) or external stakeholders such as suppliers and customers. Stakeholders are important people or members of groups that may or may not engage in financial transactions with the company, but are affected by or can affect its actions.

It is of highest importance for us to fulfil the needs and wants of all these different groups, which will help us prevent damage to our image and brand.

Primary stakeholders that have been identified to date are shown below:



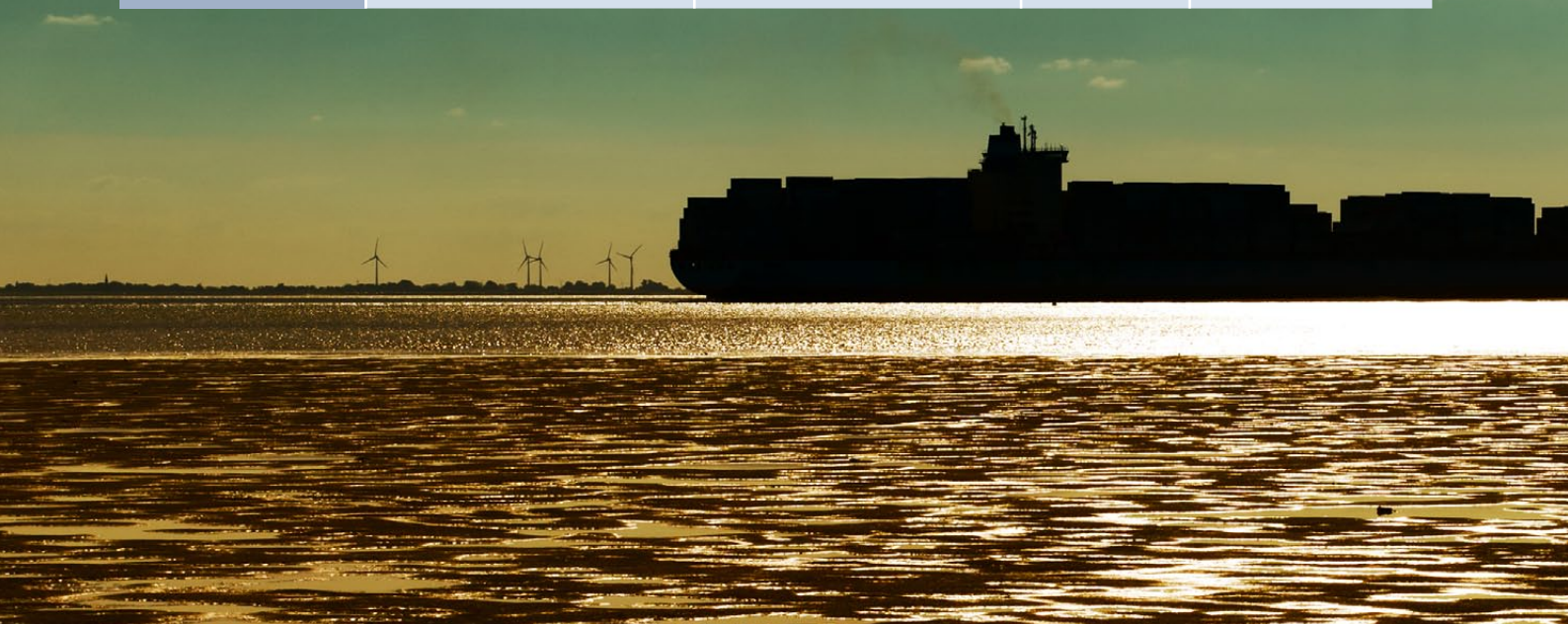
GRI 102-40 • GRI 102-42 • GRI 102-43 • GRI 102-44

Table 3 presents the company's main stakeholder groups, their expectations and how the company interacts and engages with them:

Table 3: The company's stakeholders and how we engage with them

Our Stakeholders	What they expect from us	Communication channels and forms of engagement	Frequency of Engagement	How we Respond
Employees	• Compliance with contract terms • Motivation and meaningful work • Career paths and development opportunities • Ethical Behavior • Good and safe working conditions • Recognition • Fair and competitive compensation • Fair evaluation (performance appraisal criteria) • Equal treatment • Job security • Work-life balance • Care • Clarity and efficiency of HR policies	• Support and open communication between management and employees as well as with seagoing & shore based personnel • Code of Business Conduct	• Ongoing	• Our Employees
		• Internal meetings (onboard and ashore)	• Monthly	
		• Familiarization training process (seminars, knowledge tests, classroom courses) • Training opportunities	• Annual	
		• Management Review report (demonstrating, among other KPIs, progress on sustainability-related targets)		
		• Team building events • Employee welfare initiatives • Employee satisfaction surveys (shore-based personnel) • Complaints procedure • Materiality survey		
Customers	• Fulfill and anticipate their needs High-quality service and flexibility • Adherence to terms and conditions (reserved space, prices, timelines etc.) • Ongoing support Availability/ Responsiveness • Accurate information • Effective problem solving / flexibility Responsibility/ Accountability • Easy adaptation to changing customer requirements • Added-value/innovative Solutions • Transparency • Conducting business and delivering our service in a sustainable manner (ethical, safe, environmentally-friendly, respecting of human rights)	• Cargo booking process & dedicated Customer Service Coordinators	• Daily & when needed	• Responsibility for our Clients
		• Review Meetings, sharing improvement action plans and long term strategy • Conference calls and extraordinary meetings	• Every 6 months and when needed	
		• Participation in customers’ benchmarking systems • Attendance in industry exhibitions, & in exhibitions/events /workshops organized by customers • Participation in customers’ sustainability assessments • Working with major customers to develop services that promote sustainability • Materiality survey		
Finance Related	• Creditworthiness/Optimum financial performance • Transparency and accurate information • Responsibility/Accountability Consistency • Risk Control/Management • Robust management processes and long-term growth	• Credit analysis	• Daily & when needed	• About the Company • Corporate Governace
		• Payroll accounts • Contracts • Periodical financial reports • Progress meetings • Corporate presentations • Day to day transactions		

Our Stakeholders	What they expect from us	Communication channels and forms of engagement	Frequency of Engagement	How we Respond
Government	• Compliance and consistency • Due diligence • Transparency • Safe and environmentally-friendly operations • Collaboration and timely action • Quality standards implementation • Risk Management • Verification of process implementation and responsiveness • To generate economic growth	• Notices/instructions with latest rules and requirements • Inspections and auditing process • Formal dialogues/ correspondence	• Daily & when needed	• About the Company • Corporate Governance • Our Employees • Responsibility for our Clients • Operations and Environmental Protection
International and Industry Organizations and Regulators	• Active participation – collaboration • Keeping up-to-date with new requirements coming into force and ensuring compliance • Ethical behavior • Transparency • Responsibility and due diligence • Reliability/Accountability • Support • Action • Quality Management according to Standards • Sustainability culture • Risk Management	• Participation in committees and councils • Memberships • Company and vessel audits • Circulars and announcements • High-level meetings/steering groups • Seminars and workshops/ lectures/summits • Participation in industry forums featuring sustainable SHIPPING trends • Action plans • Participation in projects	• Annual & ad-hoc meetings • Annual	• About the Company • Corporate Governance • Our Employees • Responsibility for our Clients • Operations and Environmental Protection



Our Stakeholders	What they expect from us	Communication channels and forms of engagement	Frequency of Engagement	How we Respond
Suppliers	• Fair and long-term cooperation • Timely execution of financial responsibilities and adherence to our contractual obligations • Honest projection of our Company's needs and timely information on any significant changes affecting them • Endorsement and positive word of mouth for their products/ services • Business opportunities • Know-how exchange	• Supplier performance evaluation	• Annual	• Responsibility for our Clients
		• Agreements		
		• Service review meetings with major suppliers	• Ad-hoc	
		• Exhibitions Participation in workshops organized by suppliers • Conference calls and day to day communication • Close cooperation in projects • On-site sales presentations • On-site visits • Materiality survey		
Society	• Social and economic development • Transparency • Support • Ethical behavior and protection of human rights • Accountability/Responsibility • Availability of information • Employment opportunities • Contactability and opportunities to dialogue/communication channels • Adherence to public statements and commitments • Environmental measures	• Press releases/interviews	• Daily & when needed	• Community Engagement Strategy • Our employees
		• News published on corporate web-site and social media • Donations and charities • Participation and discussions/ dialogue in sustainability forums organized by NGOs • Subscription to receive notifications of relevant actions/ events		

MATERIALITY ASSESSMENT

The Materiality Assessment is one of GRI's core principles. A company should refer to key aspects having the greatest financial, environmental and social impact, or to the aspects regarded as important by its internal or external stakeholders. In order to identify such material issues, a company has to actively involve its stakeholders.

In 2017, the identification of the key material aspects for Danaos Shipping was determined through a survey conducted among the most important stakeholders of the Company (suppliers, employees,

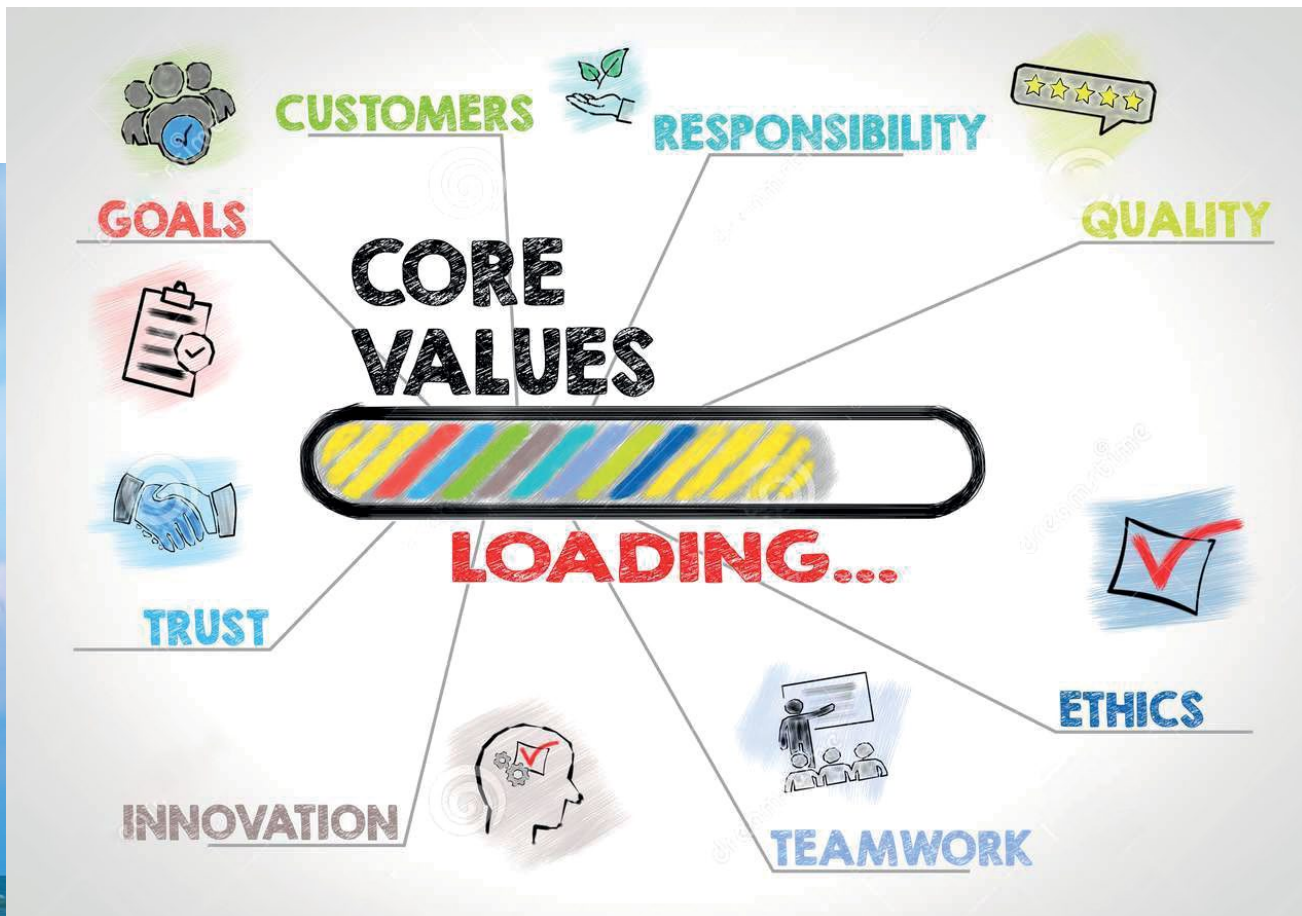
crew members, charterers) according to the Global Reporting Initiative (GRI) guidelines. Overall, 60 respondents completed this survey. We went through the following process:

- We consulted a cross - section of stakeholders from across Danaos Shipping's business to define a list of material issues and prioritize these into high and low importance.
- We presented areas for prioritization and strategic suggestions related to stakeholder concerns.



Upon completion of the materiality assessment process, the following issues were deemed as material and are included in the sustainability report.

- Service Quality
- Emergency Preparedness
- Employment
- Anti-corruption
- Audits, Inspections & Surveys
- Spills
- Economic Performance
- Environmental Compliance
- Labor/Management Relations
- Training and Education



OUR EMPLOYEES



Our 2018 Highlights

- 22.3% increase from 2017 in reporting near misses
- Started a pilot Behavior Based System(BBS)in our safety program
- 4035 training and seminar hours for our employees and seafarers in Greece and our branches



GRI 102-8 • GRI 102-41 • GRI 401 • GRI 402 • GRI 404

Our employees are the heart and soul of our business and all our successes are the result of the commitment of each and every employee. In recognition of this, we strive to provide our employees with a top-quality working environment, proper and competitive rewards and useful training programs.

Our Employees are our first priority

The Company supports a friendly and pleasant working environment. Our employees are our power and our goal is to offer them a safe and familiar working experience, proper rewards, as well as being supportive and recognizing and achieving their potential.

Through communication, the Company encourages

its employees to discover and develop their abilities and to accept and confront challenges in order to improve their careers and cultivate their personalities. Thus, our main concern is to inspire our people, encourage them and enhance their self-esteem with rewards and promotions.

Table 4: Total Number of Employees

2018	1237 Crew onboard 139 Staff ashore (DANAOS Greece)
2017	1284 Crew onboard 137 Staff ashore (DANAOS Greece)
2016	1284 Crew onboard 144 Staff ashore (DANAOS Greece)

Furthermore, the Company promotes meritocracy, equal opportunities and motivation; we invest in our employees and as a result, they express their gratitude by supporting us all through their working career. At the same time, we make sure that all of our employees are informed on time for any operational changes, through predetermined communication channels which all of our employees are aware of. With respect to collective bargaining agreements, we follow all national laws and regulations.

Our belief is that constant and detailed training of the staff is the key in order to achieve our development goals. Therefore, we have managed to build specific educational strategies for each and every department of the Company, as well as reward schemes for highly qualified employees.

The participation in the shipping KPI System allows us to benchmark and monitor the Company's and ship's performance at the level of quality management among other industry players. Danaos Shipping considers that the ratings extracted will definitely provide a source for positive decision-making in order to achieve the best practices and results.

Health & Safety of our Employees

The Occupational Health and Safety regime has been implemented in the Danaos Shipping safety system through carefully designed policies and procedures. Fields related to personnel fatigue, job high risk factors, training and response in emergencies and zero tolerance for the possession and use of alcohol and drugs has reduced the LTIF considerably.

Danaos Shipping best practices comply in every respect with international shipping laws and guidelines. This includes best practices in ship

Table 5: The average age of our employees per sector

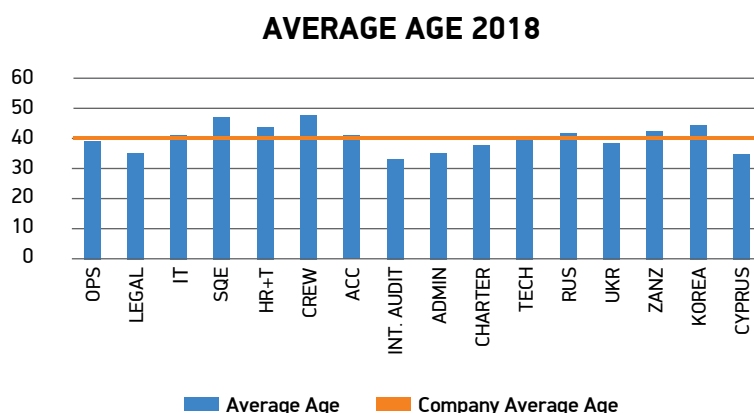


Table 6: Employee educational level, sex and new recruitments

		2017	2018
Total Number of Employees (Danaos Greece)		137	139
Educational Level of Employees	MSc	43.8%	47.5%
	BSc	33.6%	43.2%
	Secondary Education	22.6%	15.8%
Female Employees		40.1%	40.3%
Male Employees		59.9%	59.7%
Employee Turnover		7.3%	3.6%
Employee Hirings		5.1%	5.0%

operation and working environment, prevention of injury or loss of life, safeguards against all identified risks to ship, cargo and environment, readiness for emergencies, minimized environmental impact, and on-going development of safety management skills both ashore and on board.

Shipping is an inherently hazardous activity. The United Nations agency, International Maritime Organization, implements international regulations designed to improve safety at sea while reducing pollution from ships.

The IMO's International Convention for the Safety of Life at Sea ("SOLAS"), together with the International Safety Management Code ("ISM Code") for the Safe Operations of Ships and Pollution Prevention set



forth the framework for effective maritime safety in the late 1990s.

While not mandatory until 2002, Danaos Shipping achieved compliance with the ISM Code in 1995. It was the first Greek company to be certified by Det Norske Veritas ("DNV"), considered one of the most stringent of classification societies.

Danaos Shipping' operations around the world have been audited by DNV GL and successfully assessed as compliant with the ISM Code.

OUR POLICY TO REPORT, PREVENT AND ELIMINATE ACCIDENTS & NEAR MISSES

Our objective is to eliminate accidents and have all crew ending their workday in the same manner in which they started it: SAFE and HEALTHY.

A safe environment onboard the ships and at the office is of our highest concern and a first priority in every decision made. Our objective is to eliminate accidents and have all crew ending their workday in the same manner in which they started it: safe and healthy. Special attention is also given to stevedores' and visitors' accidents of whatever nature (minor/major or alleged). All incidents (accidents and hazardous occurrences) are reported, investigated and analyzed (without the fear of reprisal on behalf

of the personnel involved) and with the objective to analyze the cause and improve the safety and pollution prevention systems of Danaos Shipping. Near misses and seemingly minor incidents are regarded as a warning of incorrect procedures or unsafe practices.

All such incidents are investigated by the ship's Master, with the support of the safety Officer, seafarers' safety representative or any other member of the Safety, Environmental & MLC Committee. Any equipment or procedure defect or deficiency is immediately rectified. Near misses are also reported to the office using the Danaos Shipping ISM Module. Our officers and crew are encouraged to report incidents which do not result in injuries. All reported near misses are analyzed and any lessons learned are circulated around the fleet so that all crewmembers on all managed vessels may be guided.

Danaos Shipping uses the most objective measuring tool, the Loss Time Injury Frequency (LTIF) which measures the number of hours a seafarer is unable to work due to injuries (the number of lost time injuries (fatalities + lost work day cases) per 1,000,000 work hours).

The year 2018 we had on record 21 LTIs which equal to a LTIF rate of 1.82. We are pleased to see an increase in reporting of Near Misses, counting 203 reports for this year. This is attributed to all the efforts made to train our people onboard and actively engage them in recognizing and reporting a near miss.

Table 7: Near misses

2016	2017	2018
150	166	203

LOCKOUT/TAGOUT (LOTO)

The failure to control hazardous energy of any form, accounts nearly for 10% of accidents in the SHIPPING industry. The Lockout/Tagout system is used to secure energy stored equipment in a manner that will render them safe to work on and prevent the inadvertent startup of such equipment while being worked on. The Lockout/Tagout system is an essential part of an effective safety system. Both

components of this system have been incorporated in Danaos Shipping procedures with the scope to further decrease the LTIF rate.

BEHAVIOR BASED SAFETY (BBS)

Behavior Based Safety approach is gaining more and more interest among the Shipping industry. BBS addresses those factors that influence and reinforce learning and behaviors and when applied successfully improves significantly the safety performance in the workplace. Basically, BBS focuses on what workers do, analyzes why they do it, and then suggests ways to improve the acts. Emphasis is given at behaviors which contribute to an accident free environment and in parallel aims to understand causes of incidents and near misses and correct them through the behavior of relevant people. This is an ongoing effort which takes time to achieve.

In 2018 at Danaos Shipping, we started piloting BBS through our safety program, with the target to use this tool to its full potential, in order to create a "total safety culture" within our organization.

SECURITY ON BOARD

DANAOS Shipping implements a hands-on management system on board every vessel, detailed in the Ship Security Plan ("SSP"). Measures stipulated in the SSP are designed to prevent any unlawful act likely to jeopardize the safety and security of persons, property and environment.

Masters and Security Officers have the support needed to carry out their duties as required by SOLAS. All officers and ratings are responsible for ensuring that the SSP is effectively applied. In addition, visitors, inspectors, suppliers, and any third party seeking to board the ship, are also required to comply with the SSP.

Our secure working environment entails:

- Safeguards for passengers and crew
- Procedures to protect ports and the community at large
- Contingency measures in the event of a security breach
- Comprehensive training

- Active promotion of security awareness among personnel both ashore and on-board
- Regular documented interviews, internal audits and security assessments
- Ongoing review and update of company security policy and measures

Training and Development of our Employees

In a rapidly changing social and economic environment, Danaos Shipping has developed its own training programs with in-house seminars and pre-boarding training. We firmly believe that our people are our greatest asset, so we invest in training that promotes safety, efficiency, environmental awareness and multicultural communication. Throughout our training programs, we encourage bonding between people and promote the Danaos

Shipping culture as participants exchange views, ideas, and experiences. The main component of our success is based on the performance, devotion and technical expertise of its employees both onshore and offshore. Ensuring long-term employment, while offering secure and attractive jobs and retaining satisfied employees is a priority for us. In order to achieve this, we are focusing on training and fostering

the talents of our employees on an ongoing basis, so they are given the opportunity to enhance their skills and develop professionally. Keeping up in such a competitive and fast paced industry is challenging and this is why the training process is of great importance to us. We embrace the idea that training is the roadmap for the opportunity to create qualified and motivated employees, a benefit for themselves and our business. We continuously identify training needs for employees and seafarers, and we have designed a customized training program to ensure safety awareness and competence.

Table 8 presents the training hours of employees for 2017 and 2018.

It is important that employees and seafarers are trained on subjects such as:

- Environmental policy and goals
- Relevant environmental aspects



Table 8: Training Hours for employees in different positions

	2017	2018
Trained Seafarers in Greece	213	148
Trained Seafarers in Branches	2251	2335
Training Hours in Greece	431	372
Training hours in Branches	2632	3063
Seminar hours	520	600
Seminar Attendances for Employees	155	158
Bridge Simulator Training Hours	272	126

- Operational, monitoring and contingency procedures
- Updates in laws and regulations affecting ship operation
- Day to day activities

Our computer based training programs ensure the evaluation and appraisal of seagoing and shore-based employees on an ongoing basis throughout the course of employment. A variety of seminars specifically designed for Danaos Shipping are held at our premises.

DANAOS SHIPPING ASSESSMENT AND TRAINING CENTER

The Danaos Shipping Assessment and Training Center (DATC) was established in 2016 in order to cover the newly arising training needs of the fleets' Officers, Crew and shore staff employees. It accommodates an on-premise installation, housed at the Danaos Shipping Piraeus office, comprising of the full-mission Bridge Simulator and state of the art training facilities. The DATC defines the Company's inherent duty and obligation to provide the best training facilities to our seafarers and shore personnel and to continuously develop and advance their competence in order to ensure operational excellence, both in terms of safety, as well as efficiency and performance towards our clients.

An integral part of the curriculum is our Company's Safety Management System (DSMS), as well as the feedback and lessons learnt from actual fleet experience. The training combines theoretical knowledge and practical training, tests and enhanced competence by using actual scenarios as simulation

exercises. DATC has been certified and accredited by Lloyd's Register of shipping and the DMS (Cyprus Government Department of Merchant shipping) with the Approved Training Provider Certificate and the ISO 9001:2015 Certificate.

The DATC personnel continuously support and cooperate with all the Company's departments for the identification of their specific training needs and thus providing training activities aimed to further enhance the knowledge, the awareness, the competence and the performance of the Company's crew. Through the DATC the following Simulation Trainings are provided:

- BR(TM): Bridge Resource Management (theory and simulation)
- MRM: Maritime Resource Management
- Mega carries Shiphandling basis Danaos Shipping 13.100/10.100 TEU vessels
- Incident Command & Rescue Sim AFF Module

Also, the following Trainings/Courses/Seminars are provided:

- Modern Marine Meteorology (level I, II and III)
- Damage Stability (using software)
- Multicultural Ship's Crew Management & Effective Communication Onboard
- Damage Control School in cooperation with the Hellenic Navy (Fire Fighting and Flooding)
- Search and Rescue Operations (using simulation)
- HELM-MCRM: Leadership and Team Management
- ECDIS Awareness
- Bridge Seamanship
- Hazmat and Dangerous Goods Cargo Handling
- Accidents and Incidents Analysis
- The Human Element
- Fuel Management and Energy Efficient
- Voyage Optimization and route Planning
- Passage Planning
- Environmental Management in shipping
- KYV ("Know Your Vessel") Program





Types of Seminars

Maritime Resource Management (5 days)	Multinational ship Management (1 day)
Bridge Resource & Team Management (5 days)	Damage Control (3 days)
Mega Carriers ship's handling (2 days)	The Human Element in SHIPPING (1 day)
Incident Command (2 days)	Marine Environment Awareness (1 day)
Simulators Training (5 days)	Passage Planning and ECDIS awareness (2 days)
Damage Stability & Control (3 days)	Bridge Shipman ship (3 days)

EMPLOYEE AND COMMUNITY ENGAGEMENT



Our 2018 Highlights

- Further enhanced our community engagement strategy, "Act of Joy", through the support of numerous organizations and initiatives, such as "Together for Children" and the Center for Individuals with Special Needs "HARA", "
- Continued and enhanced our numerous employee functions through the Danaos Shipping Running Team, environmental, cultural and recreational initiatives
- Continued to demonstrate our commitment towards students and education by accommodating universities visits, giving lectures to universities and participating in career days.

GRI 102-12



Employee Engagement

Go Kart Racing

A fun-day devoted to Danaos Shipping employees and family members coming together, to sit behind the wheel and take part in the race. They were divided into groups and the race begun. After a tough race, and a fun day, the winner was awarded the Cup.

Let's Clean Up the Beach - The hunt for the lost...plastic

To honor the Month of Action for the Marine Environment, a big team of employees from our Piraeus office and their families gathered on the beach to clean it, equipped with cleaning gloves and necessary equipment. The event was coordinated by HELMEPA and was followed by

an educational visit to Archelon, the Sea Turtle Protection Society of Greece that protects sea turtles through monitoring and research, habitat restoration, raising public awareness and rehabilitating injured turtles.

Everybody enjoyed the educational visit and left the



South Coast beach feeling fulfilled, having assisted in protecting the environment.

First Aid Seminar

Though an unpleasant thought, accidents and emergency situations are not completely preventable and being a helpless witness can potentially worsen the situation.

It is of crucial importance that we all acquire at least some basic knowledge of First Aid and that is



why we at Danaos Shipping decided to run a First Aid Seminar at our Piraeus office, held by the Greek Red Cross. The seminar enabled us to learn how to quickly assist those in need in the event of an accident or emergency situation such as burning, choking, fractures and need for Cardiopulmonary resuscitation (CPR), until help arrives.

The Posidonia Cup

The Posidonia Cup 2018, the maritime industry's most exciting and eco-friendly event, kicked off on Friday June 1st at Faliron Bay and the Danaos Shipping Sailing Team was there to compete in the Performance category, utilizing the sailing boat "Hakuna Matata". The team consisted of Danaos Shipping employees, most of whom were new but well-trained members, who raced against their competitors invoking all their powers to reach the finish line on time. The team got the 13th place amongst 29 boats of the same category. The action-packed Posidonia Cup 2018 sailing race, with a participation of a record breaking 60 yachts and over 600 crew members, ended in a prestigious award ceremony at the picturesque Island Residence, bringing professional sailors, shipping executives and experienced seamen together and creating the unique Posidonia atmosphere.

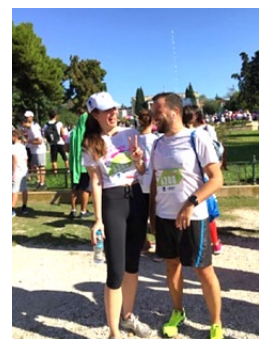
Danaos Shipping Running Team

Posidonia Running Event

The 2018 Posidonia Running Event, sponsored by DNV GL, took place in Piraeus, the Greek Shipping capital of the maritime community. Piraeus welcomed more than 1500 Greek and International runners, including major shipping companies, who completed a 5km run. The money earned was donated to the Municipality of Piraeus and the Public Benefit Municipal Corporation of Piraeus.

36th Athens Classic Marathon

Danaos Shipping running team was there to compete with athletes from more than 105 countries on the tough original course of Marathon. We were proud to be part of one of the biggest running events in the world, with a grand total of 55,000 runners. Through our participation, we supported ELEPAP and their important contribution to our society.



Race for the Cure

Danaos Shipping running team again ran for a good cause. This time we participated in the Race for the Cure and contributed to the global effort against breast cancer.

Employees' Visit to "Leonardo Da Vinci - 500 years of Genius" exhibition

In its effort to further support its people by providing a cultural and artistic experience, Danaos Shipping gave the opportunity to employees to spend a day discovering, learning and revealing the secrets of Leonardo Da Vinci in the exhibition "Leonardo Da Vinci - 500 years of Genius" in the center of Athens.

8th DANAOS Children Art Competition

The artistic element also goes for the children of Danaos Shipping employees. After the 8th DANAOS Children Art Competition with the title "My Christmas Boat", Santa was there to give special awards to the Greek winners and gifts to all the participants.





**GREAT THINGS
IN BUSINESS
ARE NEVER
DONE BY ONE
PERSON**

- Steve Jobs



Community Engagement

OUR SUPPORT TO THE COMMUNITY



GRI 102-12

Act of Joy

Assisting our communities is an essential part of our individual responsibilities as responsible citizens of our society. While poverty remains an alarming problem and we seem helpless to stop it, there is a lot we can do to alleviate the burden of the less fortunate. Danaos Shipping has established a community engagement strategy, called “Act of Joy”, which is based on a variety of activities supporting those in need. These activities are adapted to meet the current and local needs by assisting on various social or environmental issues. Employees are encouraged to proactively participate in the different community projects.

The policy of Danaos Shipping is not to simply offer money but to contribute towards improving the lives



of those in need. That is why we choose to either offer goods such as food or collect clothes which are donated by our employees.

Together for the Children

This year the employees of Danaos Shipping offered groceries, cleaning and hygiene products to the Hellenic Association "Sylogos Paidi kai Dimiourgia", a non- governmental, non-profit organization which supports 86 families (with economic and social difficulties of children with special needs). We also supported the Social Care Unit "Anarrotirio Pentelis" which hosts 55 abandoned kids (infants up to 4 years old).



Center for Individuals with Special Needs "HARA"

During Easter Danaos Shipping made a valuable contribution to the Center's "home". As part of the company's corporate responsibility program, the Center received significant amounts of food and



personal products. These products contribute significantly towards the goals of the Center and especially to the provision of better living conditions for the children.

"Recycle your bottle caps for a smile" campaign



The crew of our vessels and employees of the Danaos Shipping Piraeus office contributed significantly in helping collect a large quantity of plastic bottle caps which were sent to the volunteers of Samarites in Rhodes for their "Mazevo Kapakia Moirazo Hamogela" campaign. The positive result is dual, as it is not only about recycling but also about supporting the people who need a wheel chair and cannot afford it.



ENGAGEMENT WITH LOCAL COMMUNITIES

Maintenance works onboard the Historic Destroyer “Velos”



Danaos Shipping is particularly pleased with the completion of the maintenance works onboard the Historic Destroyer “Velos” (Museum of Anti-Dictatorial Struggle), part of which was funded by our company. These tasks involved the repair of two crew berths, the repair of the main deck and the maintenance of reefs.

“Women in SHIPPING”



Danaos Shipping initiated the “Women in SHIPPING” campaign a couple of years ago in an effort to support and empower women engineers, who are going to specialize in demanding engineering fields. In order to achieve this, they will receive extensive training, guidance and support. The results so far have been excellent. A characteristic project that resulted is the Inventory of Hazardous Materials. Data collection and analysis for issues related to the preparation of the new regulations for IMO 2020. Inventory of Hazardous Material manual certification, paints and working media onboard, vibrations and noise measurement, damage stability, lashing forces calculation, mooring forces analysis, engine thermodynamic model use, are some of the key fields where they will deploy their skills.

Danaos Shipping, a solid Company with no glass ceiling, modernizes superintendence, daring its first big steps to enter the demanding SMART SHIPPING field.

Universities Visits

We are always happy to welcome members and students of different universities at our offices in Piraeus. While the purpose of these visits is to educate, it is a good way to take the students away from the class and get them involved in their field of study.

We had the pleasure of hosting post-graduate students from the MSc program in International Shipping, Finance and Management of the Athens University of Economics and Business, as well as





graduate students of Shipping from IEK Delta. Captain Ilias Ladas introduced the students to the structure and function of Danaos Shipping and along with Mr. Iraklis Prokopakis, responded to the students' questions at the end of the presentation.

In July we hosted a group of postgraduate students from the Hamburg School of Business Administration (HSBA) who, accompanied by their professor Orestis Schoinas, visited our country in order to get a closer look at the Greek culture and function of the Shipping Industry. Mr Vourazelis, Crew Manager of Danaos Shipping, and Mrs Bohmanova, Corporate Controller of Danaos Shipping, delivered presentations on their field, followed by an interactive discussion.

Awarding the top ranked Graduates of the University of Piraeus

32 sponsors awarded 49 distinguished Graduate students from the Department of Banking and Financial Management of the University of Piraeus.



A modest ceremony took place at the Eugenides Foundation on January 29th, 2018, with Danaos Shipping' Legal Representative, Mr. Konstantinos Sfyris, awarding the first ranked Graduate, Ms. Klara

Pelagia Thomai for her academic excellence. This initiative strengthens the systematic efforts to upgrade the level of studies and the achievement of excellence, leading the students to a brighter future.

"Marine Environmental Awareness and Quality Shipping" Lecture at the University of Piraeus



Stelios Petronios, Senior Superintendent Trainer from Danaos Shipping, was the main speaker of the "Marine Environmental Awareness and Quality Shipping" Lecture at the University of Piraeus.

8th Panorama of Entrepreneurship and Career Development at the Megaron Athens International Conference Center

Greek Shipowners joined the 8th Panorama of Entrepreneurship and Career Development at the Megaron Athens International Conference Center. Students of Shipping and graduates rushed to attend the discussion on "Seagoing Shipping: A Timeless Pillar of the Country's Development. Dynamics and Challenges."

Dr. John Coustas was among the speakers and highlighted the business opportunities presented in shipping, stating that it is the only industry in Greece in which demand for workers (seafarers) exceeds



the available supply. Dr Coustas also mentioned that Greek Shipping has managed to survive and grow due to the historical know - how and expertise of the Greek shipowners and seafarers. This demonstrates that shipping is here to stay and provide attractive careers to the Greek youth both onboard and ashore.

26th ALBA Career forum



Danaos Shipping attended the 26th ALBA Career forum, organized by the ALBA Graduate Business School. We interviewed students from the MSc in Shipping Management program who could become strong assets of the Danaos Shipping family in the future. The Forum was a great opportunity to meet with the students and discuss their skills and personal characteristics, to assess if they match our company's working environment.

Visit at Piraeus Container Terminal

Danaos Shipping Interns recently visited Piraeus Container Terminal to explore a container ship and the

port. During their visit, the eight students were shown around the Container Terminal site and LE HAVRE, a container ship of 9,580 TEU capacity.

The graduates were taken on a tour of the vessel while Captain Ilias Ladas explained how a terminal is managed, including scheduling berthing for incoming ships, loading and unloading cargo and other operational tasks. Then, they all went around the bridge, the upper deck, the accommodation and the engine room explaining the main parts of a containership and their relevant functions.



Responsibility towards our Fellow Seafarers

RESCUES

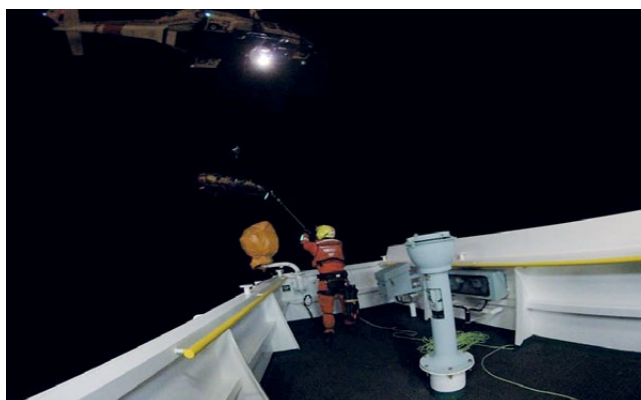
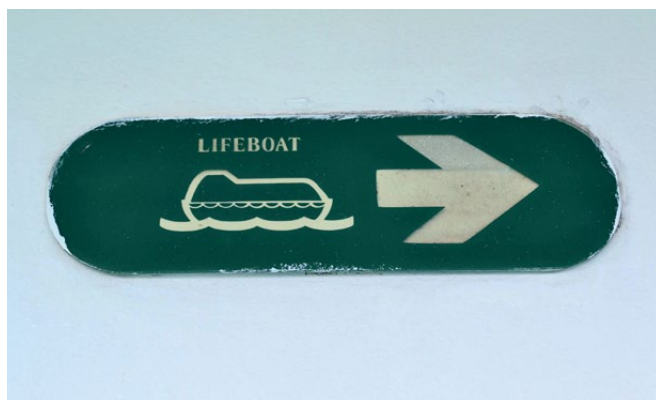
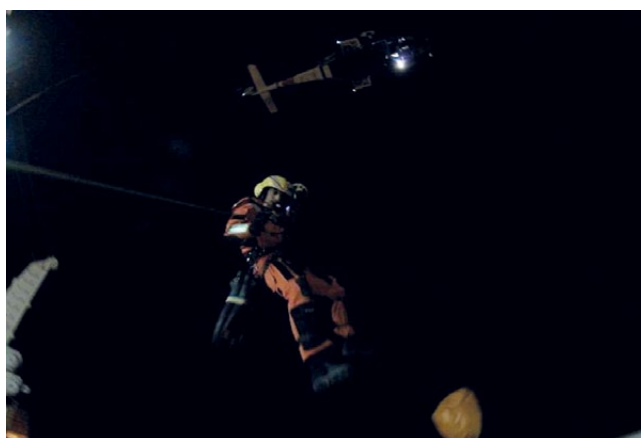
Thanks to their crucial and timely intervention, the Master and the Crew members of M/V Express Berlin rescued, in February, a 77 year old American skipper from a sailing boat in distress, 650 nautical miles South West of San Diego. Their response is honoring the thousands of years of sea tradition to save lives at sea, an action which is in line with the principles and ethics of Danaos Shipping.

On the 20th of July, while M/V Singapore was in the Manila anchorage waiting for orders to berth, 7 fishermen and 1 dog were rescued from the fishing boat "Princess Roselyn", sinking about 150 meters away due to the prevailing rough weather conditions in the area.

Finally being safe, they were accommodated in the mess room and provided with dry clothes, food and water. The Coast Guard was instantly informed by the Master and communication for disembarkation of the rescued persons was completed successfully.

Search and Rescue (SAR) exercise

On February 21st, M/V ZIM Monaco, which was en route from Tarragona to Mersin, was contacted by the Spain Coast Guard in order to conduct Search and Rescue (SAR) exercise. The scenario was the evacuation of an injured person from the vessel by helicopter. The exercise was successfully completed after about 40 minutes, while there was no deviation or speed change required.



OPERATIONS & ENVIRONMENTAL PROTECTION



Our 2018 Highlights

- Increased our power efficiency index by 2.5%
- Reduced by 5.4% the energy consumption in our offices
- In 2018 the first Ballast Water Management System was successfully installed and commissioned
- Reduced by 8.2% our CO₂ emissions, by 8.0% our NO_x emissions and by 10.0% our SO_x emissions

Danaos Shipping shares the commitment to a clean, healthy and sustainable environment for the community. The implementation of environmental issues into company operations means that our personnel understand, action, and support a strong Environmental Management System.

Our fleet systematically complies with or exceeds environmental laws and regulations. Our advanced solutions (such electronically controlled engines) are designed to optimize fuel efficiency while reducing emissions – which help tackle global warming.

The International Convention for the Prevention of Pollution from Ships (“MARPOL”) is the most important convention regulating and preventing marine pollution by ships. Additionally, the International Convention on Oil Pollution Preparedness, Response and Co-operation (“OPRC”) provides a global framework for international co-operation against marine pollution.

The implementation of a robust Environmental Management System integrating environmental issues with company operations, means that Danaos Shipping personnel understand, action

GRI 306 • GRI 307



and support EMS. Further, our contribution to tackling global warming includes advanced solutions such as electronic engine management designed to optimize fuel efficiency while reducing emissions. Such systems are gradually becoming standard specification on our new buildings

Through continuous monitoring, evaluation and improvement of environmental processes, in addition to raising awareness and employee educational procedures, we and our manager

strive to be a pioneer in minimizing the impact of international shipping to the environment.

OUR ENVIRONMENTAL COMMITMENT

Our commitment is to promote and establish a safe and pollution-free operating environment on board. To accomplish this, we use only the highest operating practices for environmental protection,





safety, and quality issues. We aspire to improve our management systems continuously and reach a level of excellence in all aspects of our operation to ensure a pollution and accident-free operating status.

ENVIRONMENTAL AWARENESS

At Danaos Shipping, we have long since recognized and acknowledged the importance of an environmentally sustainable future. We therefore take all appropriate measures to ensure that environmental safety will not be put at risk due to our business activities.

We have established and implemented a robust environmental management system to comply with relevant national and international legislation, regulations and voluntary initiatives which the company subscribes to. As an example, we are an active member of the Hellenic Marine Environment Protection Agency.

Danaos Shipping has been certified as conforming to the ISO 14001/2015 standard by the DNV GL/

Norwegian Accreditation.

We are truly committed to providing a clean and healthy environment for the community.

RESPONSIBILITY POLICY

We have established standards and procedures to make sure that all vessels under management comply with all maritime environmental requirements set up under applicable international, flag state and port state laws.

These include but are not limited to:

- All United States' federal and state statutes and regulations
- The Safety of Life at Sea Convention (SOLAS)
- The International Convention for the Prevention of Pollution from Ships (MARPOL)
- The International Safety Management (ISM) Code
- The International Ship and Port Facility Security (ISPS) Code
- The Ballast Water Management Convention
- Standards of Training, Certification, and

Watchkeeping for Seafarers (STCW) Convention

- The Maritime Labour Convention, 2006
- International and nationally adopted low sulphur requirements.

OUR TECHNICAL DEPARTMENT

Our Technical Department is responsible for the technical management of our fleet, providing advanced monitoring and knowledge on all relevant aspects. The ultimate goals of our Technical Department are the high vessel utilization, cost-effective efficiency and the promotion of environmental awareness.

Our Technical Department consists of ten teams –each team is responsible for up to eight vessels. We employ one of the largest technical departments worldwide, and we were among the highest ranked companies in top university graduates' employment with regard to superintendent/ vessel ratio (3 employees per fleet, for six vessels on average). Our teams are subdivided into smaller groups assigned to particular vessels. This structure, which has been tested over a long period of time, has delivered the highest KPIs and uptime in a demanding shipping industry.

Our supervisory system is enhanced by monitoring, organizational and analysis software and hardware. The core of our fleet monitoring system is called Enterprise, an integrated software system we developed in-house that includes a variety of modules, including the email exchange center, the planned maintenance system, spares and supplies, crewing, operations and ISM administrator. Collecting data from an online data acquisition and process system, called the WAVES Business Intelligence and Analysis Platform, supports the online monitoring system and big data analysis.

Also, through specific routines and algorithms created to cover the Company's needs, WAVES delivers automated analysis, alerting, predictions, reliable conclusions, mobile functions, historical data enhancement to boost performance and transparency for every ship. The presence of

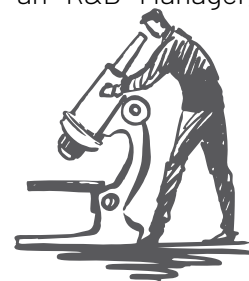
personnel on board the vessel is one of the most critical elements for monitoring conditions, identifying any defects and maintenance points, and resolving technical issues. Each attending engineer carries out a complete superintendent inspection at predefined areas of interest, using a detailed Company's checklist customized on individual vessel design and equipment.

Superintendent Engineers have been trained on how to carry out the inspection in the most efficient way, using instruments including vibration meters, thermographic and inspection cameras, roughness and hardness gauges, etc. Additionally, our crew is always supported through online troubleshooting, easier communication and safer operation.

All the hardware and software facilities mentioned above are continuously updated and built on state-of-the-art technologies and help to foster Danaos Shipping leading position of technical and operational expertise. Through technology, superintendence is applied to the highest level via enhanced analysis, effective troubleshooting, problems' prediction or detection and reaction which contributes to minimum downtime and operating expenses.

OUR R&D DEPARTMENT

Officially established in 2011, our R&D department falls under the umbrella of the Technical Department and consists of an R&D Manager, two Research Engineers, an Analytics Specialist and up to ten Fleet Engineers as peripheral staff. Our goal is to be at the forefront of innovation, generating innovative concepts and developing our knowledge and competencies to address our clients' needs in a changing and evolving maritime environment. We apply our knowledge and technical expertise to improve our fleet's fuel efficiency and our environmental performance, thus maintaining our competitive advantage and leadership position in the shipping industry.





**THANKS TO ITS R&D,
DANAOS SHIPPING WAS
AMONG THE PIONEERS TO
STUDY THE CONTAINER
ECO-DESIGN OF THE
FUTURE BACK IN 2011
IN TWO JIPs WITH TWO
MAJOR SHIPYARDS
AND CLASSIFICATION
SOCIETIES**

Our R&D Department studies a great number of energy efficiency improvement measures and innovative vessel retrofit solutions that improve fuel efficiency and/or operational flexibility. This includes, among others, engine derating, propeller retrofit, bulbous bow optimisation, PIDs, engine tuning for SFOC improvement, advanced painting schemes application, air – layer application, container stowage optimisation, lashing optimisation, etc.

Our R&D department works on deeply understanding and assessing the real benefit – both to efficiency and cost – of emerging technologies on energy saving and emissions' reduction, including LNG for propulsion, SCR for NO_x reduction, SO_x scrubbers, etc.

Our R&D department performs feasibility and technical economic studies to assess systems from a variety of perspectives – technical, safety, economical – and propose equipment and modifications required for regulatory compliance e.g. BWTS, ECA, etc.

Our R&D department collaborates with academic and industrial partners to develop knowledge and prepare for future technological advancements. Thanks to its R&D, Danaos Shipping was among the pioneers to study the container eco-design of the future back in 2011 in two JIPs with two major shipyards and classification societies. Other co-operations with industry partners include the application of the Engine Hyper Cube thermodynamic model of main engine by Propulsion Analytics, for M/E performance assessment and the execution of a feasibility study related to WHR sustainability using DNV GL COSSMOS platform.

Our R&D department is engaged in Computational Fluid Dynamics (CFD) studies and model tests with major research institutes and ship model basins to identify the effect of various operational parameters or design aspects on vessels' performance. Examples include hull roughness, trim, and weather effect. We are seeking to verify on a test scale the effectiveness of various energy efficiency retrofit options examined (eg. bulbous bow retrofit, propeller retrofit and others).

Our R&D department places focus on ensuring the efficient and successful installation as well as the stable and reliable operation of the online data acquisition and process system on board company's vessels.

Our R&D department has designed WAVES, a business intelligence and analytics platform based on DMC working platform. This aggregates and analyzes nearly real-time received data through our online data acquisition and process system to produce advanced performance assessment, energy efficiency, and operational control tools with inborn diagnosis functions and covers most of working processes alerting system, statistics and in general leads to company's full digitization to transform the company to a "Block Chain Ready" partner. The design of all built-in algorithms and

DANAOS SHIPPING IMPLEMENTATIONS

The R&D Department has been established to contribute with in-house studies algorithms development and big data analysis	In- house study of technology transfer effect on employees' psychology
Development of modern intelligent systems	Joint Investment Project (JIP) utilizing systems and facilities
Training of key personnel and knowledge sharing to employees	Support of graduates and co-operation of universities
Presentations of latest developments and experience feedback	

ON LINE DATA AQUISITION & PROCESS SYSTEM

WAVES Implementation	Real Time Data Acquisition	Danaos Shipping Head Office Integrated Software	R&D
100% of the total fleet	29 out of 55 vessels	100% of functions	4 qualified engineers



OUR R&D DEPARTMENT
HAS DESIGNED
WAVES, A BUSINESS
INTELLIGENCE AND
ANALYTICS PLATFORM
BASED ON DMC
WORKING PLATFORM

performance assessment models is the culmination of our accumulated knowledge and expertise.

Our R&D department produces the DANAOS Annual Environmental Report, which summarizes, among other things, the company's environmental performance. At the same time, it monitors and evaluates the fleet's annual energy efficiency goals and sets the new targets for the year to come.

Our R&D department drives the design and implementation of energy management systems and practices like ISO 50001 and the Ship Energy Efficiency Management Plan (SEEMP).

WAVES

At a time when environmental concerns and energy come at a significant cost, ships' management optimization is imperative. Nowadays, SHIPPING is on a quest to adapt to the latest technological trends, such as the Internet of Things (IoT). As a result, data from traditional applications (operational, financial, technical) is pooled together with semi-structured data deriving from the vessel's sensors, mapping in a complete way the entire lifecycle of modern vessels, from building to everyday operations and even demolition. However, these data sets become so large and complex that they can rarely institute really valuable information to managers ashore.

WAVES is an innovative maritime intelligence framework for extracting valuable information from maritime data. This is an analytics platform which aggregates and analyzes data being gathered from multiple sources, with the ulterior view to create a true competitive advantage in ships' management. Either in a strictly-defined structure, like operational and financial data, or in a more loose one, like online sensor data streams and excel forms (e.g. fuel analysis, ISM), the WAVES algorithms and visualization tools transform data into useful information assisting maritime professionals with the decision-making process, uncovering new insights and optimizing operations. WAVES acts as an umbrella platform that enables the unified representation and visualization of enormous volumes of heterogeneous data, realizing superior

decision making process through synergies between modern Big Data Analytics techniques and the accumulated technical and operational expertise of Danaos Shipping.

The Danaos Shipping R&D Department has designed and launched the new Waves Performance Dashboards, as part of "Smart SHIPPING" with customized reporting versions for Management and the Fleets. The new dashboards are designed to provide a user friendly visual analysis of our ships' performance evaluation over a specific period, making it easier to track the key metrics and gather all required data faster. From a preparation and implementation point of view, our experience has shown that a well-structured and visually engaging automated dashboard is essential to establish a quality overview and reporting tool for our ships monitoring.

Through automated processes, Waves advanced algorithms and routines are continuously running in the background using real-time data, building multiple feature dashboards on a monthly and daily basis that provide all the key performance indicators and control form alerts, in the context of our holistic approach for our vessels' daily operation & performance. At the same time, as the flexibility of our system remains one of our top priorities, all the features are easily shareable and can be operated through smartphones and tablets.

The daily Control form provides an illustration of ship's overall performance every morning on Fleet Engineers' computers and alerts when specific thresholds are crossed. The dashboards consist of multiple features, such as hull performance, bunker consumption, energy management graphs and FOC benchmarking, while the vessel's route and position are illustrated on the world map. Operating profiles and average performance parameters (consumptions, emissions, etc.) are also included. As emissions monitoring is crucial for us, all emissions related efficiencies are automatically compared with those of last year and values appear in red/green depending on our targets set.

Intelligent systems, qualified personnel and information management are vital to several functions of the Company such as monitoring and

controlling emissions, identifying performance and associating optimizations, planning operations, pro-acting ship's maintenance needs; also, controlling transparency, sharing data and feedback with stakeholders and providing information to academics for research of further methods, as well, ensuring safety on board and cultivating employees both ashore and onboard.

OUR TECHNOLOGIES

Operational excellence based on green technology is Danaos Shipping core strength. Our expertise spans the complex operational chain from advanced systems to performance improvements. Each of our technological initiatives provides us with the potential to minimize the environmental impact of significant shipping operations worldwide without compromising performance.

Table 10: Danaos Shipping technologies.

Technology	Description	Impact Description	What applies to ship's area
Business Intelligence & Analytics System	Qualitative analysis of a massive number of a ship's data. An intelligent platform for data analysis, evaluation, prediction and statistics.	More than 30 analysis algorithms	
On-line Data Acquisition System	A series of decisions are required during a trip in order to optimize parameters like duration, fuel consumption, safety, etc. These decisions are expected to be based on real-time data. Online data acquisition acquires a massive number of ship's real-time data to be sent online to DANAOS' HQs for further analysis.	More than 15.000 data per minute	
Bulbous Bow Modification	Operation profiling has changed, and ship's speed requirements have dropped significantly. Bulbous bow modification optimizes hull behavior and is the most efficient way to improve the ship's performance.		Existing ship's bulbous bow is replaced with a new bow properly tuned and optimized at lower speeds
Propeller's Optimization	Existing propellers are optimized for higher engine loads. Therefore, a study for propeller optimization was performed and changes were applied where necessary to optimize ship's performance.	FOC savings in the range of 5-7%	Existing propellers are optimized for higher engine loads. Therefore, a study for propeller optimization was performed and changes were applied where necessary
Appendages (Fins, Rubber Bulb, PBCF)	With the use of appendages, the flow around a propeller can be optimized to allow the propeller to work more efficiently. The field is open to various studies. DANAOS' R&D department evaluated various options, some of which have been applied to various new building vessels or as retrofits based on relative studies.	In the range of 1 %	Applied to ships stern boss and/or rudder
Engine Performance Improvement System	DANAOS participates in JIPs, contributing to the development of engine's optimization solutions.		Operational Measure
Thermodynamic Engine's Modelling	An intelligent thermodynamic model of the main engine that enables accurate diagnosis and problem detection on time.	It provides an objective analysis of engine performance and reliable detection of engine's wrong tuning or fault operation	Operational measure
Integrated Ship Management Software	An integrated system for scaled company's processes such as supplies control, crewing, operations, MGA, PMS, etc.	The integrated platform created and applied to all crucial fields.	Operational measure

ENVIRONMENTAL MANAGEMENT SYSTEM USING THE ISO 14001 REQUIREMENTS



Since 2004, Danaos Shipping's sensitivity on what impact its operations might have to the environment has increased and the company has performed a restructuring of its environmental management system. As of 2007, we have decided that an environmental management system using the ISO 14001 requirements will benefit the organization as it will definitely assist in:

- a. Identifying and complying with the various legal, regulatory and contractual requirements, thus boosting the Company's image and credibility between competitors.
- b. Identifying enhancements to existing processes and assisting employees in reducing the Company's environmental impact.
- c. Quantifying, monitoring and having control of the impact of operations on the environment, now and in the future.

Danaos Shipping received its first ISO 14001 certification in 2008 and has maintained it every year since. 2018 is the second year that the company ran its environmental management system, in compliance with the latest 2015 revision of the ISO 14001 standard, for which it has received the appropriate certification. The effective management of environmental programs requires specific (to the nature of its activities) tools, to measure, monitor, audit and document the Company's holistic performance. Environmental measurement and reporting have been hallmarks of Danaos Shipping's sustainability program for almost a decade, as has the Company's commitment to communicate its environmental performance in an open and transparent manner, both internally and externally.

The new edition of ISO 14001 standard provides:

- High level structure (HLS) and terms/definitions. Now a common structure for all ISO management systems standards applies which facilitate the option to have one integrated management system

- More compatible with services
- Clearer understanding of the organization's context "one size doesn't fit all"
- Process approach strengthened/more explicit
- The introduction of risk
- No more preventive action – now addressed throughout the standard by risk identification and mitigation
- The term documented information replaces the terms document and record
- Performance Evaluation now explicit to demonstrate the effectiveness and implementation

The benefits of integration are:

- Improved business performance
- Reduced documentation and duplication
- A holistic approach
- Save time and resources
- Position quality and sustainability into the heart of the organization
- Improved risk and opportunity management

For the consistency of performance data, Danaos Shipping maintains an annual set of records which demonstrate the measurable commitments to:

- Preventing pollution
- Recycling
- Energy saving
- Meeting applicable legal and other requirements
- Continuous improvements in overall environmental performance.

OPTIMIZATIONS & ENVIRONMENTAL PROTECTION

As a part of our core policy, in order to remain sustainable and address our client's needs in the best possible way, we have studied numerous optimizations for our ships' design, targeting increased fuel efficiency and a cleaner environment. Danaos Shipping has made extensive studies in the key areas below:

Online Data Acquisition & Performance Monitoring:

Since 2012, Danaos Shipping has started moving forward to advanced superintendence, advanced



performance monitoring & parameters in depth analysis by investing in real time data transfer from ship to office, installing sensors onboard on critical equipment in order to evaluate and optimize the ship's performance.

Bulbous Bow Modification & Propeller Retrofits:

Redesigning the bow of a container vessel based on its current operation profile, as the originally designed speed was higher at the time that the ships were built, has proven to be beneficial in terms of fuel consumption and emissions consequently. Danaos Shipping has carried out CFD studies for all vessels and particularly for 8100 TEU vessels, a package of 12 different solutions has been studied (in cooperation with the engine maker) examining along with bow optimization, a propeller retrofit. Within 2016, both

our 8100 TEU vessels were retrofitted with a Kappel propeller and new bow, imposing also a power limitation in the engine for new maximum speed. Moreover, within 2017 Danaos Shipping proceeded with bow retrofits for the 10100 TEU vessels as well while in 2018 our 6500 TEU vessels were also retrofitted with a new bulbous bow.

Cargo Flexibility & Reefer Maximization:

New lashing rules with route specific lashing forces and calculations have been implemented on our 8500 TEU, 10100 TEU, 13100 TEU, 3400 TEU, 9200 TEU, 8100 TEU & the MSC Zebra. Reefer maximization studies have also been carried out for all Danaos Shipping vessels and the same has been implemented on the MSC Zebra and two of our 6500 TEU vessels.

Shortening:

In the effort of making a 4250 TEU ship more marketable and efficient in the current trading scheme, Danaos Shipping proceeded in 2016 to hull shortening by removing one and a half cargo holds, without any machinery or equipment modification. Totally, her length has decreased by 15% and container capacity by 23%, retaining also fuel flexibility in tanks with respect to HFO and MGO capacity. There were numerous technological issues involved, including among others, damage stability issues, Russian stowage flexibility, AMSA requirements, etc. All challenges involved have been identified and dealt with successfully, leading Danaos Shipping to the top of marine technological innovation. Model tests have also been conducted in order to verify all performance and maneuvering aspects involved. The vessel resumed her service in February 2017, and the first results indicate that the new shortened vessel is extremely competitive in terms of both stability and consumption. Cooperation between all parties involved, (Danaos Shipping, Class

& Shipyard) has run smoothly and led to a successful project without delays and same modifications were performed to her sister vessel in 2017. Danaos Shipping is now proud to be the first Company ever to proceed with shortening a container vessel!

EEIMs:

The imperative market need for environmental protection and fuel efficiency led the Danaos Shipping R&D Department to investigate, in depth, all potential energy efficiency improvement methods. In total, 37 methods were examined and projects have been conducted by the Danaos Shipping R&D Department in cooperation with various makers and classification societies. 57% of the below mentioned EEIMs have already been implemented on the Danaos Shipping fleet, producing actual savings and promoting environmental sustainability.

Turbocharger Cut-Out (TC c/o):

Since 2009, Danaos Shipping has begun to investigate how fuel efficiency can be improved



and the carbon footprint minimized. A relative study has been carried out, based on the vessel's engine, turbochargers & auxiliary boiler in order to identify the modifications needed for engine optimization at lower speeds. It has been observed that the fuel consumption curve is exponential, i.e. speed reduction results in significant fuel savings. So in case an engine needs to operate at 10%, a turbocharger could be cut off, which could be flexible, manual-flexible (hybrid solution) or by blind flange. Cutting off one turbocharger increases its efficiency, along with increased scavenge pressure, compression pressure and max cylinder pressure resulting in optimum SFOC. In case a vessel's engine is equipped with 4 turbochargers and one is off, then the maximum load that an engine can operate is 75%, in the case of 3 turbochargers where one is off, then max load limit is 60%, etc. Turbocharger cut-out has been applied to the majority of Danaos Shipping vessels, adopting Ultra Slow Steaming into our core strategy and being both adaptive and fully efficient towards the industry's new trends and needs.

Trim Optimization:

In an effort to identify the optimum operational conditions for a vessel in order to maximize fuel efficiency and eliminate emissions, Danaos Shipping has carried out a series of trim optimization tests in our 4250 TEU, 6500 TEU, 8500 TEU, 10100 TEU & 13100 TEU vessels. Through these tests, the critical fore and aft drafts have been identified and conditions of trim by bow, even keel and trim by stern have been compared in terms of power demand and vessel efficiency. Total savings of up to 5% have been identified with trim by bow, with weather conditions corresponding to 4BF.

Draft Increase:

In the context of our vessel's capacity maximization, maximum draft increase has been studied for all Danaos Shipping vessels, based on initial freeboard calculation of all relevant parameters & reinforcements required. Increased draft has been implemented on our 8100 TEU vessels, along with, bulbous bow modification and propeller retrofit. For the new scantling draft, Danaos Shipping has also conducted model tests in order to confirm propulsion.

Hull Appendages & Rudder Bulb:

Our 4250 TEU vessels are fitted with hull appendages and our 8500 TEU vessels with a rudder bulb.

The goals of our Operations and Technical department are related to developing state of the art systems and training employees accordingly and at the same time staying up-to-date with all new technologies and regulations, aiming at continuing on a better environmental performance. To achieve these goals, the WAVES system and an integrated system are already in use on all our vessels. Also, apart from our 8100 TEU (within 2016), our 10100 TEU (within 2017) and our 6500 TEU (within 2018) vessel, our 8500 TEU Jiangnan built vessels, 9600 TEU SHI built & 13100 TEU HSHI built vessels will be fitted with a new bulb for better performance within 2019. Through further algorithm analysis we will cover more of our stakeholders' needs, as will the development of neural systems. At the same time, continuous performance monitoring and evaluation of all our completed modification work will fully quantify the reduction in environmental emissions and fuel efficiency.

CARGO CARRYING CAPACITY OPTIMIZATION

Danaos Shipping, acknowledging the difficulties of the current market and the responsibility of reducing the environmental footprint, has extensively investigated the options in minimizing the transportation cost and the subsequent fuel consumption required per TEU. The reduction of the fuel consumption per TEU can be achieved either through hull, engine optimizations and upgrades or through the increase of the transported container capacity.

To this respect, wanting to take advantage of both options, Danaos Shipping's Technical department has materialized a series of modifications such as bulbous bow renewals, replacement of propellers with highly efficient ones, main engine derating & TC Cut out and ultra-low friction paints among others. The latest upgrades, installed on the 4x6500 TEU vessels, have recently completed their dry docking obligations, proving that Danaos Shipping is investing towards the future and provides the market with vessels having the latest optimizations and

adhering to the highest standards.

The Cargo Intake capacity has been jointly investigated with many well reputed Lashing Makers and Classification Societies. New lashing rules, updates of the pre-existing Cargo Securing Manuals and Loading software are now utilizing higher Cargo capacity on Danaos Shipping vessels, with loading flexibility and heavier stack. The advantage of higher draft to accommodate more cargo which could benefit from it, derived from the results of the finite element & direct strength analysis.

Dual loading system is offered with the addition of the mixed or otherwise Russian stowage. This is another way Danaos Shipping vessels were benefitted further by upgrading their loading flexibility, enabling the loading of 40' TEU containers on top of 20' TEU, while maintaining their initial loading pattern. The demand for different kinds of container size carriage has been adopted, and many of Danaos Shipping vessels are able to carry 53' TEU containers in addition to the high cube ones. The large sized container vessels of Danaos Shipping are being offered with a multiple load line certificate, overcoming the draft or deadweight restrictions regulated by some commercial ports.

DANAOS SHIPPING NON-HAZARDOUS POLICY



Danaos Shipping is pleased to announce that the first Inventories of Hazardous Materials have been issued, acting proactively for compliance with the EU Ship Recycling Regulation, No 1257/2013 (EMSA's Best Practice Guidance on the Inventory of Hazardous Materials) and the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009) (IHM guideline Resolution MEPC.269(68)) and we are now stabilizing the process of the maintenance of these reports.



Ship owners and operators shall record and monitor the presence of hazardous materials onboard their vessels, in order to protect health and safety and prevent environmental pollution at Ship Recycling Facilities (SRF). Danaos Shipping has incorporated Hazmat Experts on their internal team for conducting sampling of Hazardous Materials and plans to further implement a non-hazardous policy on materials ordered and supplied onboard.

DANGEROUS GOODS CARGO TRANSPORTATION

The transport of dangerous goods (DG) needs to be considered seriously and regulated, whilst special attention has to be paid during ship operations, in order to prevent, as far as possible, accidents to persons or property and damage to the environment, the means of transport employed or to other goods. Mitigating the risks associated with hazardous materials may require the application of safety precautions during their transport, use, storage and disposal.

Title 49, Code of Federal Regulations (49CFR), and the IMDG Code Regulations are used in SHIPPING for transportation of Dangerous Goods (DG). However, beyond rules and regulations, in reality, it is the ship-owner's and, ultimately the shipmaster's responsibility to ensure the safe transportation of goods. DG transport is very important and requires the utmost attention of all parties involved since there is no hazard tolerance. Danaos Shipping has adjusted its operations so as to ensure DG cargo safety and integrity.

Thus, the Company's major responsibilities are:

a) To present with accuracy the ship's specification, concerning DG carriage onboard

b) To sign transparent and comprehensive contracts/ charter parties with clients; DG carriage, limitations and restrictions have to be clearly addressed to involved parties

c) To exercise due diligence in the ship's operations

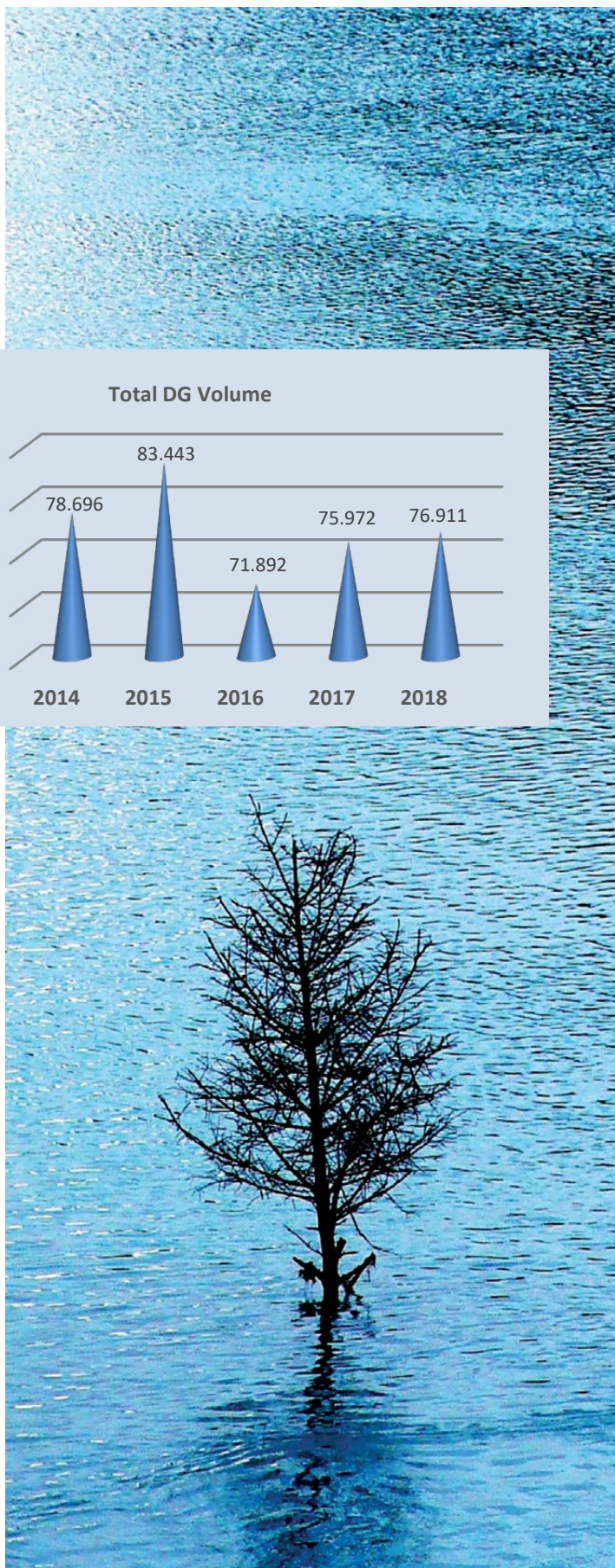
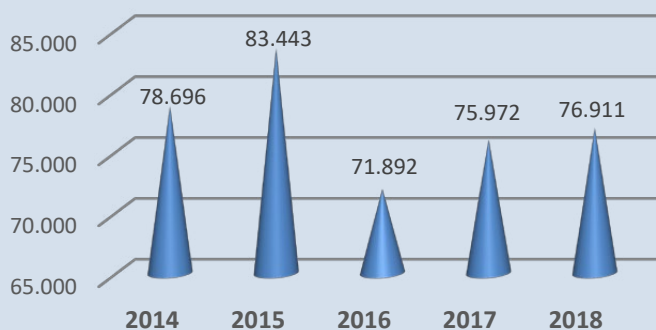
d) To carry out proper maintenance in order to avoid hazards and damages that might lead to DG cargo damage and adverse consequences

Danaos Shipping has evaluated and optimized DG carriage design and operations, while, in parallel, developing an advanced ship maintenance system, including PMS, visits onboard, associated budgeting, R&D and training. Moreover, investments have been undertaken in establishing the Company's manning offices, in an effort to maximize training benefits, increase retention rates, and preserve high levels of experience and knowledge onboard. It is the Company's duty to exercise due diligence and always strive for further improvement. The Company has invested, in addition, to container fire prevention and quick extinguishing systems, the following recommended industry proposals. Planned Maintenance System and ship's inspection guidelines have been amended to take care of contributing factors to cargo safety. The HR & Training Department (HR&T) has also developed and applied onboard the "Know Your Vessel" campaign, to eliminate risks of bad operation and misjudgment, training courses for ship personnel, in-house navigation simulations and numerous courses for Company staff. Also, the Company monitors through WAVES the carriage of DG to keep statistics and alert the attention of parties involved.

Our goal is to preserve the 0 DG cargo accident concept. To achieve this goal, maintenance scheme and training needs coverage are in full order. The HR&T department is always alert to detect and respond to detected issues and provide relative training.

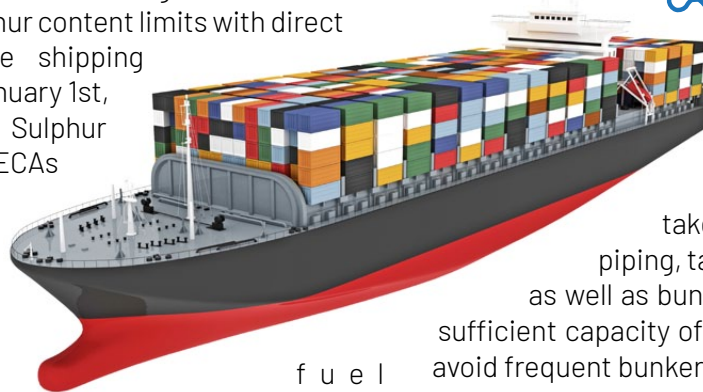


Total DG Volume



Energy

Maritime transport is essential to world trade and the economy. The need for sustainable SHIPPING transport has emerged with increasing regulation focusing on emissions control. The International SHIPPING industry forms the greatest part of world trade. Liner SHIPPING, that constitutes an advanced network, operating scheduled services transporting goods internationally, is among the most energy efficient means of international transportation. Danaos Shipping is one of the world's leading providers of containership operations with a well-managed fleet of 55 vessels, trading along principal trade routes throughout the world and whose primary goal is to provide high quality, efficient and safe transportation. The maritime industry is constantly evolving to respond to economic, technological, legislative and political trends. The rising environmental concern and the need for greener shipping is setting imminent regulations on both marine fuel and Sulphur content limits with direct implications on the shipping companies. As of January 1st, 2015, the permitted Sulphur content of fuel in ECAs (Emission control areas) was set to 0.1%. Ship operators must be able to use a different grade of fuel in order to meet the Sulphur content limit, comply with the legislation and operate within the ECAs. For Danaos Shipping, it is of paramount importance that our vessels comply with the international standards so that they meet the market requirements and ensure safe trading. Maritime transport has a significant role in world trade. In an era of increasingly globalized markets, where quantities of goods are being transported from far distant countries around the world, the need for sustainable shipping is imperative. The shipping industry is governed by an ongoing trend to focus on sustainability and environmental impact. The increasing regulations and the evolving legislation are calling for measures by ship owners, so that they meet potential customers' requirements.



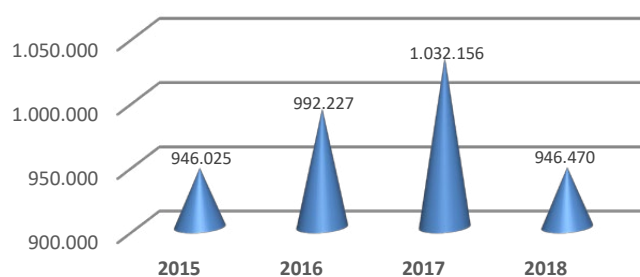
In order to reduce the shipping industry's footprint on pollution, limitations are applied on Sulphur emissions in ECAs (Emission Control Areas). As a result, all vessels sailing through an ECA, should use fuel oil that contains a maximum Sulphur content of 0.10%, therefore need to change over to using ultra-low Sulphur fuel oil (ULSFO) or marine gas oil (MGO). Danaos Shipping vessels are operating on principal trade routes all around the world, including emissions control areas. The implementation process has required modification to the vessels in order to comply with the regulations and ensure safe trade. Danaos Shipping has adjusted all vessels accordingly, in order to be able to use different fuel grades and operate safely in principle routes all over the world. A thorough technical investigation was carried out by Danaos Shipping in two phases, in order to assess the modifications that each vessel was required to implement. The first phase was completed in 2013, while phase 2 a year later. During 2014, all necessary measures were taken, such as modifications in piping, tank arrangement, transfer line, as well as bunkering line for vessels to have sufficient capacity of "MGO ready" tanks in order to avoid frequent bunkering and be able to satisfy their consumption needs inside ECAs. The modifications were successfully completed on all vessels calling ECAs, as per project decision map. All Danaos Shipping vessels can operate on different fuel grades to comply with the respective limits, following the onboard implemented written procedures from our engineers for change-over of fuel oils.

We aim to offer sustainable transport solutions in order to comply with global trends and meet not only the present but also the future requirement. We have successfully completed the modifications of all our vessels prior to the date of entry into force. At the same time our engineers constantly conduct investigation in order to be ready for upcoming regulations on issues such as Sulphur content limits.

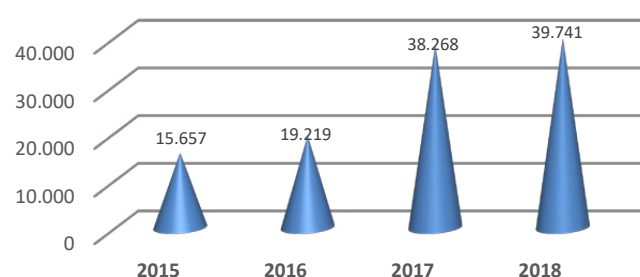
ENERGY MANAGEMENT & CONSUMPTION

The key drivers towards addressing energy efficiency are regulations, economics and customer-related requirements, which are all frequently changing parameters. Consequently, our focus has been placed on operating ships in an energy efficient manner by focusing on specific targets and indices that enable monitoring and improving energy performance through advanced systems and tools, in the context of the regulatory framework. However, it is not only a matter of addressing and implementing energy saving measures on a technical and operational level but it is also a matter of having the dedicated team and trained engineers monitoring energy performance and handling energy issues with the use of the right tools. In that way, energy efficiency monitoring is effectively enhanced within the organization and measurements are best shared with other stakeholders in a transparent and reliable manner. Nowadays, when there is rising concern over energy management in ships' operation, the commitment to carrying cargo following energy efficient initiatives and practices is part of our Company's responsibility. Danaos Shipping has designed energy management algorithms which are incorporated in our WAVES analytics platform in order to closely monitor the vessels' energy performance. The online data acquisition of power consumption of reefer containers that is available for 18 vessels enables us to calculate the vessels' actual power efficiency through actual

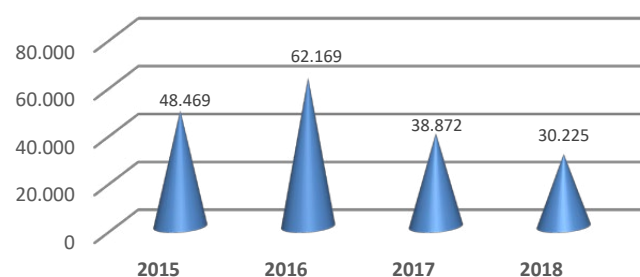
Heavy Fuel Oil (HFO) (MT)

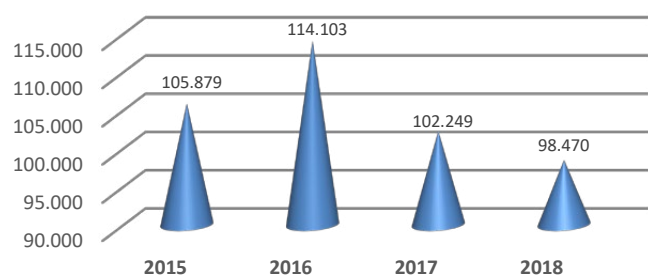


Low Sulphur Fuel Oil (LSFO) (MT)

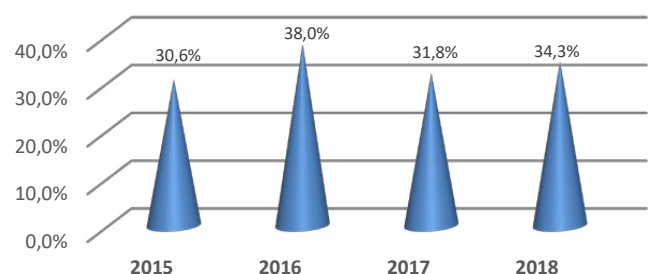
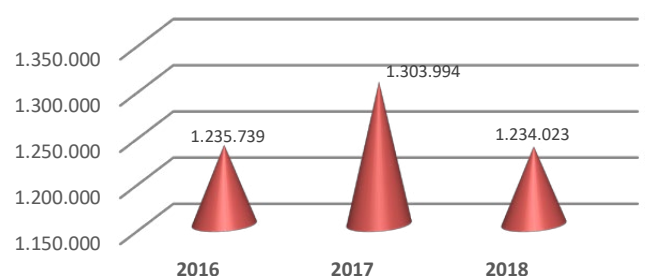


Marine Gasoil (MGO) (MT)



Total DG Consumption at Sea

*55 vessels in 2015, 57 in 2016 and until May 2017, 55 until end of 2017, 55 vessels in 2018

Power Efficiency Index (%)**Energy Consumption - Offices (kWh)**

reefers load, via the WAVES algorithms. In that way, energy performance can be monitored in order to ensure optimum energy use onboard and minimize energy loss. A lot of focus has been placed on our Engineers' training and information sharing, in order to eventually build a strong energy culture both onboard and ashore, providing our Company with a competitive advantage in the market. As a matter of fact, the energy efficiency practices and measures are becoming part of our crews' habits. Danaos Shipping has incorporated advanced techniques and focuses on its engineers' training in order to improve energy performance through close

monitoring. Danaos Shipping has the Ship Energy Efficiency Management Plan (SEEMP) in place since 2013 whose main objective is to provide practices and metrics to evaluate and improve efficiency and decrease fuel consumption. Moreover, Danaos Shipping has been certified by DNV GL under ISO 50001 standard on energy performance, which has a broader scope and includes a commitment to planned interval and a dedicated procedure for improvement verification. The main objective through the ISO 50001 implementation is to improve management processes and procedures that control the Company's functions and activities with significant energy use. Four of our vessels have already adopted the ISO 50001 implementation, and have a designated energy management system for monitoring the electric power during normal seagoing or super slow steaming through advance online data acquisition. Our 10100, 13100 and 1x2500 TEU vessels are equipped with Alternative Maritime Power (AMP) systems. AMP is a cold ironing system which allows ships to turn off their engines when in port and plug into shore-side electricity supply.

Our efforts aim to incorporate energy and energy efficiency into employee culture that will enable meeting regulatory and market requirements and maintaining our competitive edge. We have adopted SEEMP and ISO50001, and we have incorporated energy management algorithms into our WAVES analytics platform to monitor power efficiency and improve performance. We aim at even further power efficiency improvements and further implementation of ISO50001 with our fleet.

Climate change is considered to be the major global challenge during the next decades. Thus, one of our main concerns is to reduce energy consumption (electricity and natural gas), as well as fuels (gas and petroleum from the owned and leased vehicles), in order to diminish the Green House Emissions (GHE) and help reduce the phenomenon of global warming. Our energy consumption is expressed in terms of fuel we use and is divided into the following key performance indicators: Heavy Fuel Oil (HFO), Low Sulphur Fuel Oil (LSFO), Marine Gasoil (MGO), Total Diesel Generators (DG) Consumption at Sea. We also monitor the energy consumed, in terms of electric

power, by our headquarters.

BIODIVERSITY

It is everyone's duty and responsibility to protect the oceans. Leading by example is the best way to influence and inspire the Marine sector. Aquatic Invasive Species (AIS) (may be called invasive or non-native) are organisms of the marine environment that are transferred away from their natural area, thus invading a non-native area. These organisms can create imbalance in their new habitat which may compromise or wipe out the ecosystem and cause innumerable damages on a commercial, agricultural and recreational level. Invasive species may even harm humans. Ballast water contains a diversity of organisms, such as plants and animals from the native area the ballasting took place. There is a big chance many of these species survive and are released during the de-ballasting process in their new aquatic area. The results could be disastrous to the new ecosystem accommodating the non-native organisms. This important issue is safeguarded by the IMO, by implementing the International Convention for the Control and Management of Ships' Ballast Water and Sediments. Commercial ships are responsible for up to 80% of introductions in coastal habitats. Danaos Shipping is committed to protecting the aquatic environment by adopting a Ballast Water exchange policy for all managed vessels, which prevents the transfer of harmful alien aquatic species from one region to another through Ballast water. Only within 2018, a volume of 5969978.4 cubic meters of ballast water has been exchanged through the Danaos Shipping

fleet, contributing to the significant goal of marine environment protection and environmental footprint reduction. Danaos Shipping is aiming to go one step further, to explore possibilities of further efficacy. The R&D Department of Danaos Shipping has thoroughly investigated the optimum solution of the alien species' elimination through the use of Ballast Water Management System available on the market. Each of these systems was evaluated for its efficiency, technical competence, operational flexibility, durability and environmental friendliness, based on its operational principle certification and acceptance by the IMO, USA Environmental Protection Agency and the European Committee. After thorough market search, the maker selection was completed and customized training was carried out for DANAOS in maker's premises. In Q2 and Q3 2018 the necessary engineering study was carried out by Danaos Shipping in parallel with class approval and in Q4 2018 the first BWM system was successfully installed and commissioned onboard our first vessel.

The selected Ballast Water Treatment equipment enhances the quality of discharged ballast. All vessels are currently being upgraded with "ready to use" reception pipelines which will expedite the installation of the selected Ballast Water Treatment equipment. Another important issue is the toxicity of the biocides in the antifouling paints affecting the aquatic ecosystem.

Danaos Shipping uses antifouling paints of the latest technology-which are TBT Free-, containing biocides that are non-bio-accumulative to the aquatic organisms and are degraded and de-toxified in the

TABLE 11: BALLAST WATER PERFORMANCE

	2016	2017	2018
Total Ballast (m3)	6648767.8	6073075.1	5969978.4
Ballast exchange increase compared to last year	13.2% (Increase)	9.5% (decrease)	1.7% (decrease)
Change in FO consumption per ton of ballast exchange compared to last year	11.8% (reduction)	3.6% (reduction)	8.0% (increase)

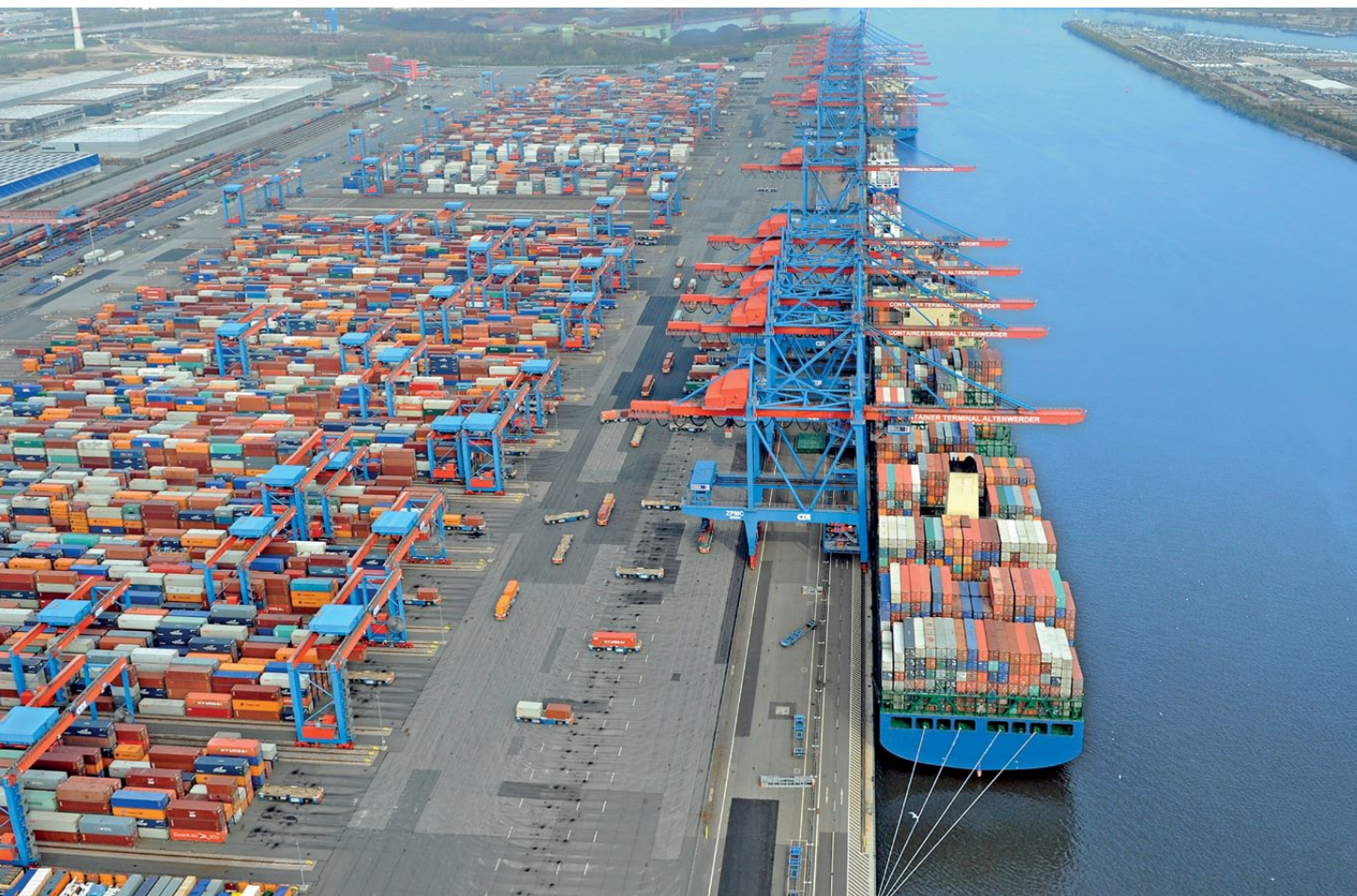
environment, complying with existing environmental regulations and future legislation. Waters are being polluted from rust debris, oil and grease leakages accumulated on the hull structure, main and exposed decks of the vessels. These pollutants may end up in the sea through the green waters, rain or discharged through washing. Danaos Shipping is looking towards improving its ballast water exchange and has been seeking answers for the past two years through technological evolution. The Danaos Shipping policy is to keep vessels clean, leak free and maintain the scupper pipes -leading to the sea- isolated to control any incidental contamination of the aquatic environment.

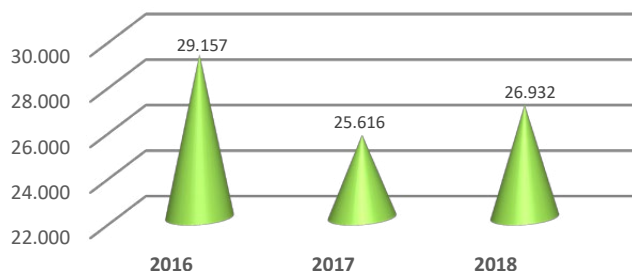
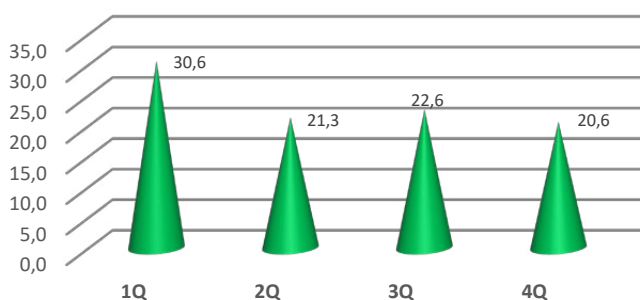
We aim to preserve the good records from the implementation of the Ballast Water Management Plan and, through the adoption of new technology, to further improve our environmental footprint and contribute to a cleaner marine environment. Our vessel are being prepared to accept the Ballast water treatment. This plant will be ready to be accommodated as a “plug & play” device. We are

focused on the preparation of the vessels for the optimum Ballast Water Management Plan.

WASTE AND SPILLS

Contamination of the sea water due to oil, chemical or garbage pour, as a result of an accident or human error is termed as a spill. Spill pollutions can have a huge ecological, economic and safety impact. It should be the first priority of any stakeholder. One of the most conspicuous forms of pollution is oil. Petroleum products are among the most important energy sources on the planet. They are mostly transported by ships which in turn hold huge amounts of fuel, consumed by their main propulsion and auxiliary engines. An accident of a vessel can significantly pollute the sea through massive spills which may harm the aquatic environment, coasts, local economies and even human beings. The effects of oil spills can travel far away from the location the spill took place. Within a very limited period of time, even a small spill can pollute miles



Ship's Chemical Consumption (Ltrs)**2018 Office Average A4 Sheets Paper Consumption per Person / Day**

of the ecosystem. Danaos Shipping will continue practicing the necessary due diligence with regards to environmental protection. Any procedure adopted and any action taken considers this interest as the outmost priority.

Since the most common reason for the spillages is the human factor, to minimize the exposure of any risk associated with pollution is a challenging task. Danaos Shipping has developed a strict Safety Management System and policies that promote pollution prevention as part of the Company's culture. Not only is the importance of International Conventions and Regulations being emphasized, but it is taken one step further to predict and prevent any potential threats to the marine environment.

The modern young fleet, with an average age of 7.5 years, is being maintained at the highest standards of the market, providing safe boundaries for the pollutants transported. The human factor is being controlled by selected Crew Pools from Danaos Shipping owned Manning offices, in-house training to promote environmental safety culture & awareness, very frequent visits onboard by the Technical and

Quality experts of the office to evaluate the condition, safety and navigational measures and practices implemented. In addition, there are many onboard training programs and Computer Based Trainings (CBT) promoting training on the field and learning through repetition. Fast response and accuracy are the key elements for successful Crisis Handling.

Danaos Shipping Crisis Management is prepared to deal in the most efficient way with any Incident that might evolve into a Crisis, prevent it if feasible or handle the process and contain it. A specific Emergency Response Plan and an in house Emergency Response Service system have been developed to support the whole process and provide specific instructions and task allocations on a per case basis. The SMS system of Danaos Shipping has been awarded with an ISO 9001 & ISO 14001 On top of the Regulatory requirements, Danaos Shipping has applied a Green Policy with regard to the chemical composition used onboard, and a Garbage Management plan that prohibits disposal at sea and only to shore facilities.

It is not a coincidence that, in 2018, Danaos Shipping had a zero oil spillage record, something which rewards the structure and the efforts of the Company and its management. We also have taken measures to improve the management of waste generated by our headquarters. We monitor the average paper consumption per employee per day, and we take steps to inform our employees how they can reduce their consumption of paper.

We are constantly operating with "zero spills" as our main goal. We are preserving the condition of our vessels through effacious maintenance and dry docks. Additionally, through a comprehensive series of seminars and a selection of high quality crew pools through its own manning offices we promote seafarers professionalism. Part of our efforts to achieve the "zero spills" goal is the superintendence modernization which aims to enhance the inspection efficiency on vessels. Monitoring and response at the office should be more proactive and predictive, resulting in even higher quality maintenance of the fleet. CBTs and training seminars are enriched based on new legislation, feedback and lessons learned.

HAZARDOUS MATERIALS

The shipping industry and officially recognized organizations have shown a tendency to establish regulations aiming regarding the optimization of environmental and health issues and as such there is a closer and more responsible look towards the life cycle of a ship.

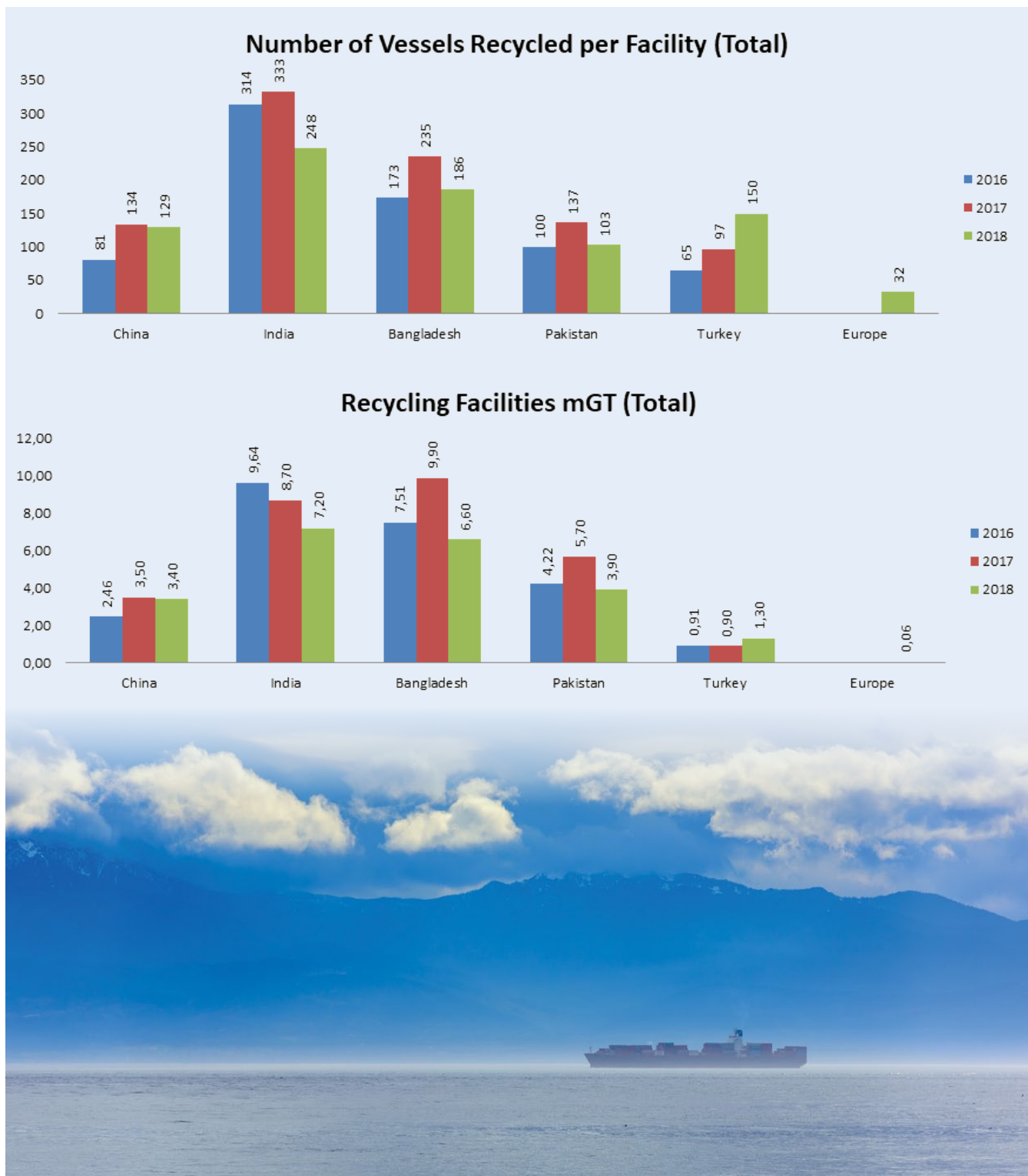
The Industry is moving forward and immersing itself in Sustainability issues by establishing new Regulations (like IMO's "Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships" in 2009, and the EU's Ship Recycling Regulation in 2013) which requires every ship calling at an EU Port or flagged by an EU Administration to carry an inventory of hazardous material (IHM) verified by a recognized organization and specifying the location and approximate quantities of those materials. Whenever Danaos Shipping builds a new ship, we take all necessary actions and proper controls/ records/ maintenance of the identified hazardous areas of existing ships. With reference to the construction of a ship, it has previously been a matter of how the vessel will be more cost efficient along with selected performance aspects, thus incorporating procedures and materials of a specific budget.

Over the last years, it has become our interest to examine the facts and materialize an advanced approach by minimizing the fitted hazardous materials and if possible proceed with their prohibition. For the existing ships, Danaos Shipping has achieved proper records and maintenance and is not limited to that. We will continue collaborating with our suppliers (stores, machineries, paints, etc.) for the recording of possible hazardous materials and compliance with regulations.

When it comes to the demolition of ships, the dangerous practices and pollution are a fact. Cutting apart big steel structures is a complex and hazardous business, not to mention the machinery that a ship might be equipped with or the paints that may have been applied, and even nowadays the minimum precautions are taken. It is well understood that the beaching methods during demolition make it difficult to ensure safety and properly manage pollutants.

A Danaos Shipping consideration for heading her vessels to selected recycling facilities embodying safer practices is a reality. Based on the hazardous or non-hazardous status of materials produced/ used/ disposed during the lifetime of a vessel, Danaos Shipping promotes a road to a healthier way for this chain, both for the environment and human health. The challenge is how we can ensure this healthier and more environmentally friendly approach for the materials used onboard ships, taking into consideration that the shipping industry is also affected by economic, geopolitical and social issues. Danaos Shipping new-building vessels carry a Green passport certificate and/or IHM SoC at the time of building. For existing ships, a structured system has been established to control hazardous materials onboard and achieve compliance with the above requirements, thus minimizing risk, avoiding potential liabilities and enhancing the safety of the ships' crews by identifying, recording and controlling hazards onboard ships.

Danaos Shipping, as a pioneer in this field, has already become an approved service supplier for conducting Hazardous materials sampling by incorporating approved Hazmat experts. The project has been carefully set up to enable all concerned parties to realize that it is highly beneficial to embark on the new path of taking care of ourselves and our environment without diverging from the goals of profit and progress. The impact of EU regulation and HKC to humans and the environment is meaningful and sustainable. Thus, Danaos Shipping promotes a road to the establishment of proper measurements for this task. Part of Danaos Shipping management of hazardous waste, is the safe recycling of our vessels. Part of this commitment is the proactive compliance with the EU Ship Recycling Regulation, No 1257/2013 and the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. During the recycling of the vessels great care needs to be taken with the numerous hazardous substances onboard. Most of the world's vessels are recycled in Bangladesh, China, India, Pakistan and Turkey as evident by the number of vessels recycled in each facility, as well as each recycling facility's capacity (in mGT).



The Danaos Shipping, ongoing, long-term project of inventory of hazardous materials is in progress. By the end of 2018 it covered 20% of IHM for the total fleet and continue with the issuance of Inventories of

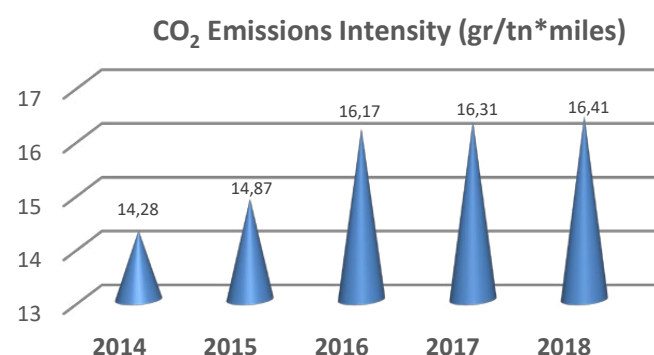
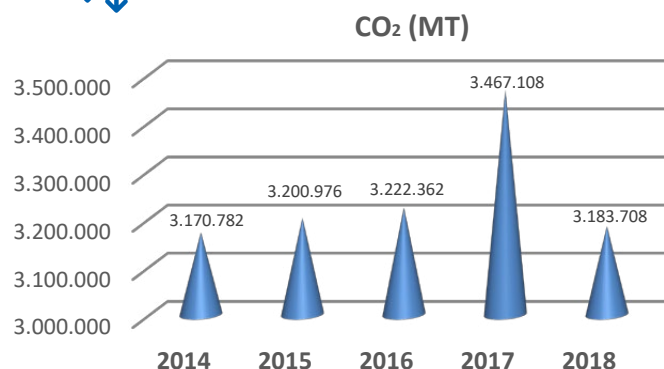
Hazardous Materials according to the goals for 2019-2020. Non-hazardous policy on materials on board is to be implemented on the fleet and periodically reviewed.

EMISSIONS

Close monitoring of emissions is imperative due to climate change and GHG effects. Risk involved in environmental emissions has significant effect in the majority of business sectors and everyday life.

Carbon Dioxide – CO₂

It goes without saying that nowadays the amount of CO₂ emitted into the atmosphere and its reduction is crucial and it plays a key role worldwide in decisions concerning global shipping & trading. In this context and as the need to control and reduce emissions is imperative, the MRV regulation was introduced by the EU and IMO and DCS was introduced by IMO. MRV stands for Monitoring, Reporting & Verification and DCS for Data Collection System. The regulation requires ship owners and operators to annually monitor report and verify CO₂ emitted from ships over 5000 gross tonnage on an annual basis starting from 1st January 2018 for MRV and 1st January 2019 for DCS. Danaos Shipping has prepared relevant MRV Monitoring plans, describing the monitoring and reporting of CO₂ emitted in all EU related voyages on an annual basis as well as the SEEMP Part II, describing the methodology used for collecting and reporting of fuel oil consumption data. Both plans have to be submitted and verified by an approved verifier and be kept on board. Environmental awareness constitutes a key business strategy formulation ingredient as staying sustainable is included in our top priorities and goals. Danaos Shipping, always proactive, has prepared and



submitted both plans for all vessels well in advance. Plans are approved and verified from our verifier DNV GL, and are kept on board. Danaos Shipping has incorporated environmental monitoring policies and strategies into its core management practices. MRV and IMO DCS are just a small part of our emissions monitoring program.

TABLE 12: ENVIRONMENTAL IMPLEMENTATIONS ABOUT EMISSIONS

CO ₂ Emissions are monitored and calculated from 2010 onwards	SEEMPs have been on Danaos Shipping vessels since 2013. SEEMP goals are evaluated every year from vessels' consumptions and operational profile.
CO ₂ Emissions calculations are incorporated in Danaos Shipping WAVES with quarterly produced reports, indicating the cumulative emissions per quarter per vessel.	Environmental Report is produced every year including CO ₂ SO _x NOX emissions and efficiency indexes.
Danaos Shipping has voluntarily taken part in DNV GL's EEOI certification program from 2008 till 2018.	

We aim to reduce our emissions on an annual basis by implementing energy saving methods and studying each vessel's operational profile. MRV Monitoring plans are SEEMP Part II for all vessels have been prepared and approved by our verifier, Specific MRV routine has been incorporated in WAVES. IMO DCS routine is also going to be incorporated.

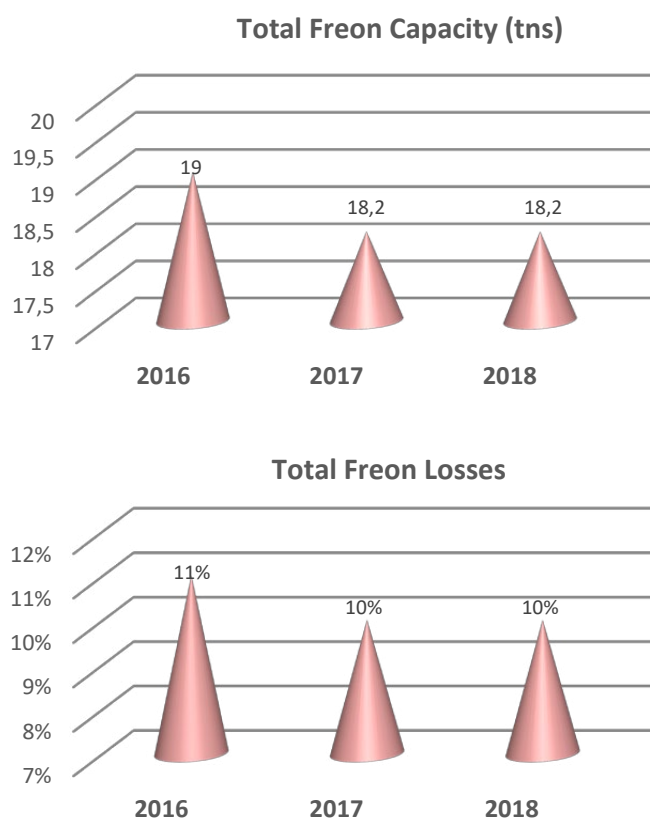
OZONE DEPLETING SUBSTANCES

It is important to use natural refrigerants and approach the main issues of global warming. Implementing the usage of greenhouse refrigerants could be properly performed onboard. The long-term approach of maintenance of the refrigerants and the minimization of refrigerants losses in order to avoid deliberate emissions of ODS.

Emitted CFC and HCFC refrigerants have been directly connected to the destruction of the stratospheric ozone and the pollution of the oceans. International regulations have been adopted in order to phase out the production and the consumption of the refrigerants for the protection of the stratospheric ozone layer and the ocean properties. The HFC gases are very powerful greenhouse gases and they are all on the List of Undesirable Substances. When referring to the green refrigerants, the preoccupations are that substitutes and refrigerating systems might have lower energy efficiency, higher global warming potential and greater environmental impact than the Ozone Depleting Substance refrigerants and systems that they replace. In 2007, the Montreal Protocol Parties approved the acceleration of the phase-out process of HCFCs, gases with low Ozone Depletion Potential, which were nominated as replacements for CFCs. Implementing the usage of greenhouse refrigerants could be properly performed onboard.

The long-term approach of maintenance of the refrigerants and the minimization of refrigerants losses in order to avoid deliberate emissions of ODS. On board we usually encounter R22, a refrigerant belonging to the HCFC family. International regulations impose that after January 1, 2015, the use of R22 in marine refrigeration plants is banned on European Union flagged vessels. R417A presents very close working parameters in marine

applications to R22 and thus the changeover does not ask demanding system modifications and could easily be performed. Therefore, Danaos Shipping has incorporated the modifications from the old systems to the new ones and, according to the regulations, any deliberate emission of ODS is prohibited. For new building vessels, any installation containing ODS, such as halons and chlorofluorocarbons (CFCs), is prohibited. However, any installations containing hydro-chlorofluorocarbons (HCFCs) are allowed until 1 January 2020. The Freon Types in use are R-404A and R-407C.



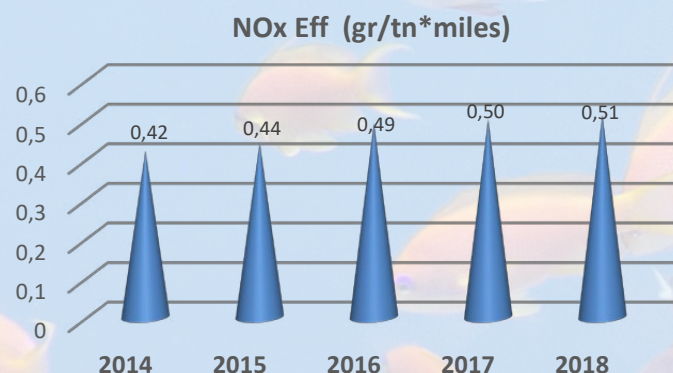
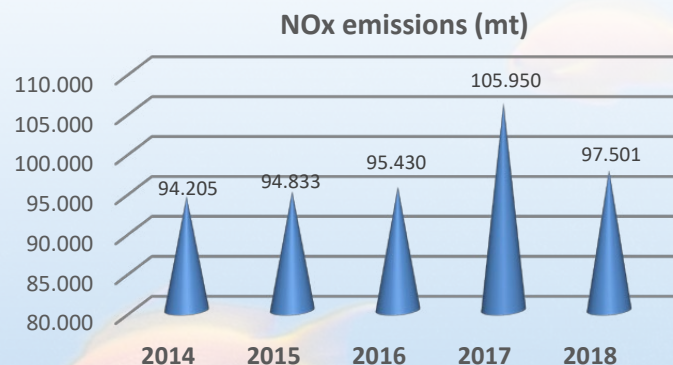
NO_x, SO_x AND OTHER EMISSIONS

Emissions are strongly connected with climate change which has a serious impact on the environment and life in general. Sustainability and emission Reduction can no longer be considered as options, they have clearly become a necessity and an obligation for all business sectors. We remain ahead in terms of technology and energy efficiency fully adapting to the current constantly

changing environment. We measure our emissions through established key performance indicators. Our performance is expressed as total NO_x and SO₂ emissions (MT) and as emission intensity (expressed as gr/tn*miles).

NO_x and SO_x products equally contribute to climate change. Unlimited emissions will result in irreversible changes to the natural environment. As all Sulphur oxides pose a great threat to human health, the need to impose limits on the fuels' Sulphur emissions became imperative and led to Emission Control Areas (ECA) and to the 0.1% Sulphur cap from January 2015. Additionally, the 0.5% global Sulphur cap is on the way and approaching, despite the considerations for the available fuel quantity, fuel demand and prices of oil products. Danaos Shipping is very strict with the implementation of ECA area rules, controlling the fuel that is burnt on our ships through laboratory analysis of all fuels bunkered. Procedures for FO changeover and relevant booklets have been prepared and sent on board on time in order to eliminate incidents related to fuel changeover. The crew has been trained and our people on board our vessels are fully capable to handle ECA area fuel changeover. Moreover, within 2014, a special project has been initiated and completed, in order to increase our vessels' capacity in MGO and make them "MGO ready". All required modifications in piping, tanks arrangement, transfer line & bunkering lines have been successfully performed. In the context of the challenging emissions issue and their reduction, the Danaos Shipping R&D Department has studied various energy efficiency implementation methods in order to optimize fuel consumption and reach the minimum possible level of environmental emissions. Within 2015, Danaos Shipping has preceded to a derating study for the 8100 TEU container vessels, which have been retrofitted accordingly achieving a significant reduction of fuel consumption. Danaos Shipping, being keen on new technologies, has begun a separate project for SO_x & NO_x scrubbers along with the relevant cost-benefit and investment analysis.

Within 2018, Danaos Shipping has contacted 22 SO_x Exhaust Gas Cleaning System (EGCS) makers in the context of SO_x scrubber installation study on our 8500 TEU vessels. The feasibility study was

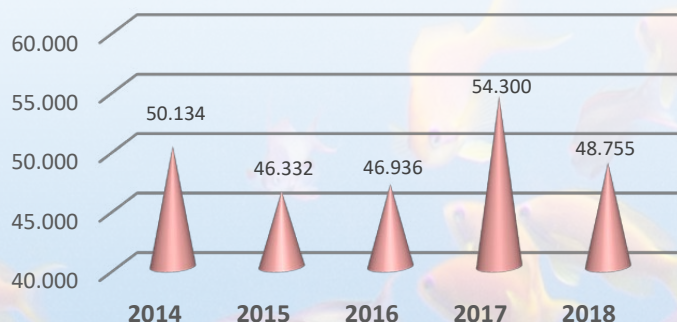
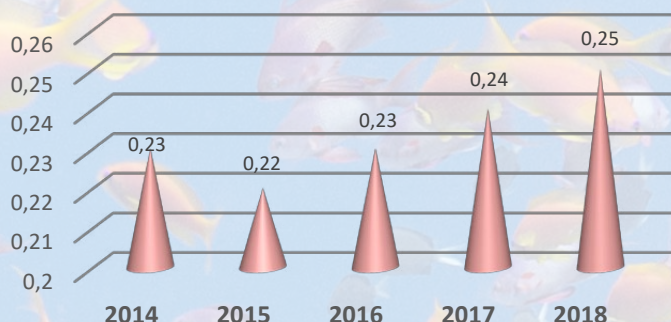


based on multiple criteria evaluation, related with the availability of scrubbers for our big engines, scrubber type (Inline/U-type), technical features, dimensioning to allow scrubber fit inside the existing funnel structure, cost and delivery time. After thorough market research, Danaos Shipping concluded to the final scrubber maker selection and proceeded to the study of seven vessel series in total for scrubber installation. In the 4th Quarter of 2018, 6 scrubber systems were ordered for our 2x6500 TEU, 2x8100 TEU and 2x9600 TEU. Orders are also planned for our 5x13100s TEU. The installation of the first system is scheduled to be completed end of Q1 2019.

INSTALLING THE FIRST SCRUBBERS ON 6 OF OUR VESSELS

DANAOS SHPPING has decided to install scrubbers on six vessels and is looking to equip a further five

SOx emissions (mt)

SO₂ Eff (gr/tn*miles)

ships with these systems. We are committed to installing exhaust cleaning systems on six boxships of which two are owned by the company's joint venture Gemini Shipholding Corporation. "These vessels have been chartered out for periods of at least three years in duration and since these are all vessels that are currently on short term charters, these transactions significantly improve income visibility," Dr. John Coustas, President and CEO of Danaos Shipping, commented.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Shortly before the year's end, one vessel under our management was fined with the minimum amount provided for excessive smoke emissions at port of Singapore which considered as an offence of the local environmental regulation. The case was evaluated as an isolated incident which occurred due to drop of shared load after vessel's stand-by.



RESPONSIBILITY FOR OUR CLIENTS



Our 2018 Highlights

- 3.1% increase in internal audits and 30.4% increase in external audits
- During 2018 there were no confirmed incidents of corruptions nor any current public investigations or prosecutions for corruption
- During 2018 there were no incidents identified during the life cycle of the organizations products and services which resulted in fines, penalties and/or warnings

GRI 102-9 • GRI 205

Supply Chain

We are actively working with our suppliers for the improvement of social conditions and the minimization of our environmental footprint. We recognize that everything is interconnected and that we share a common future. Through the collaboration with our suppliers we aim at contributing to achieving mutually shared targets and ease social considerations. The Company's Procurement Department is responsible for sourcing, analyzing, negotiating and supplying materials and services to meet the needs of the vessels and their personnel onboard. It interacts with hundreds of vendors and service providers across the globe producing tens of thousands of orders and service agreements.

A significant employment volume is therefore created, at a local and international level, for thousands of people and in the process has a considerable impact on the economy, in terms of job creation, production of revenue, empowerment of companies and improvement of the economy's indices. In society the impact relates to the increased prosperity of people, sharing common interests and enjoying a chance for a better life. At the same time, an international culture is created and opportunities for sharing knowledge and innovation emerge. Finally, on the environment the impacts relate to the fact that everything that is produced (material or service) has an effect on the environment. It is everyone's duty to become conscious of the importance of our actions towards Earth.

Danaos Shipping, as a responsible corporate citizen of the world, supports and promotes every effort that improves the above parameters in the best possible way.

We constantly seek ways to improved procurement policies and procedures, especially those relating to key elements which contribute to responsible practices. We give special attention to the extensive use of environmentally responsible vendors. Our vendors are already fulfilling our major criteria, and new co-operations are tested and considered in order to achieve our targets faster.

The ability to conduct business in a manner appropriate towards promoting ethical, social

and environmental standards plays a major role in the selection of our suppliers. They are expected to take steps for continuous improvement in the aforementioned fields and adhere to our code of ethics and our commitment for environment protection, safety and proper working conditions in a responsible and sustainable way. Major areas of focus are equal opportunities, compliance with international labor standards (no child labor, decent working conditions), health and safety awareness, zero corruption tolerance, transparency and fair business policy. Although hundreds of suppliers cooperate with Danaos Shipping, the Company promotes 'green' and quality suppliers (holders of relevant certification i.e. ISO 14001 or ISO 9001) and targets the increase of their usage in procurement services.

More than 70% of our major suppliers and more than 50% of our medium and small suppliers have been characterized as "green suppliers" through the assessment of relevant certification they hold. We aim at increasing these percentages to 85% and 70% respectively.

During 2018 there were no incidents identified during the life cycle of the organizations products and services which resulted in fines, penalties and/or warnings.

Evaluation & Audit Inspections

Many of the IMO's most important technical conventions contain provisions for ships to be inspected -apart from the inspections performed by the Classification Societies- when they visit foreign ports to ensure that they meet IMO requirements. Ships should therefore be maintained at a particular standard by the combined efforts of the flag states, shipping Company and the ship's master. In order to ensure that the condition of foreign ships is well above the expected level, inspections are done on the ships when they visit international ports. This inspection of foreign ships is known as port state control.

Nine regional agreements on port State control -Memoranda of Understanding or MoUs- have been signed: Europe and the North Atlantic (Paris MoU); Asia and the Pacific (Tokyo MoU); Latin America

(Acuerdo de Via del Mar); Caribbean (Caribbean MoU); West and Central Africa (Abuja MoU); the Black Sea region (Black Sea MoU); the Mediterranean (Mediterranean MoU); the Indian Ocean (Indian Ocean MoU) and the Riyadh MoU. The United States Coast Guard ("USCG") maintains the tenth PSC regime. The above PSC regimes arrange visits to 5%-15% of the vessels calling in their territories. A port state control inspection involves checking several aspects of the ship in both the deck and engine departments. The survey focuses on important shipping documents, technical details, and the structural and technical elements of the ship. For Danaos Shipping, good records in PSC examinations are an indication of a sound safety management system and associated culture within the organization.

Apart from the regulatory PSC inspections, The Danaos Shipping Fleet is also subject to the annual



safety inspections performed by our Flag States. All recorded deficiencies are immediately rectified and preventive actions are taken to the satisfaction of the local Port State Control. Additionally, on a Company level, the deficiencies are collectively analyzed- evaluated to avoid repetition of similar deficiencies and the necessary corrective measures are circulated for training purposes to the rest of our fleet. At present, Danaos Shipping stands as a High Performance Company in the Paris MOU and maintains an excellent inspection record in USCG.

Auditing is an on-site verification process, such as inspection or examination, to verify that the Company's activities and results comply with the planned arrangements and requirements. There are two categories of audits which are related to Danaos Shipping activities: the internal and the external audits. Both are conducted within the Company and onboard vessels to verify compliance with the established safety and environmental laws and regulations. The internal audits are scheduled on the basis of the status and importance of the system to be audited and are carried out by personnel who:

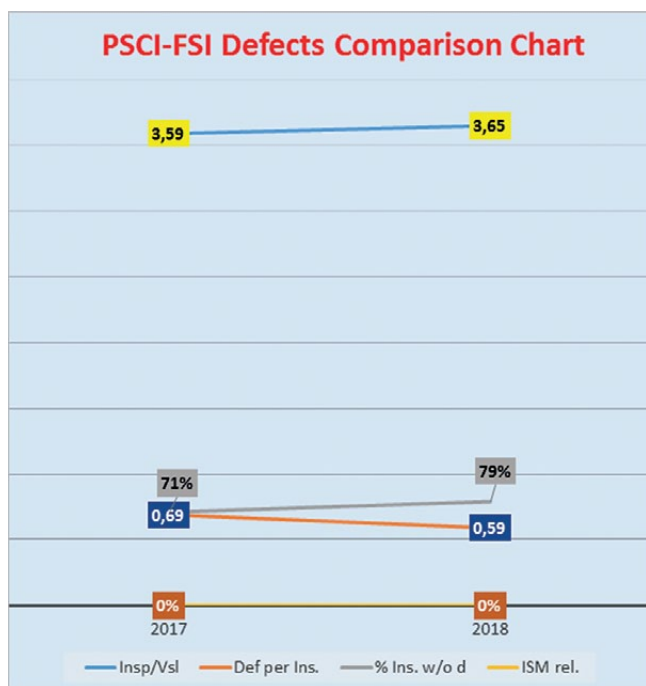
- Are independent from the person responsible for the area to be audited, and
- Have received appropriate training.

All systems of Danaos Shipping Safety Management are audited at least to the minimum requirements (once per year in the Head Office and not exceeding 12 months on board each vessel) and at any greater frequency, as deemed necessary, in accordance with the status and importance of the activity. Audits are coordinated by the Safety Quality and Environmental Department. Unscheduled audits are performed if a serious deficiency in any part of the DSMS becomes evident during third party inspections, from accidents and hazardous occurrences, review of records or during routine operations. Timely corrective action is undertaken for both shore and shipboard deficiencies, which does not exceed 3 months. Audit findings, Non Conformities or Observation notes are collectively analyzed and evaluated during the management review process, so that any useful outcome can be utilized and incorporated in system revision and management of change.

Table 13: Internal and external audits.

	2017	2018
Internal Audits	65	67
External (3rd Party) Audits	23	30

Findings that pose a serious threat to the safety of personnel or the ship or a serious risk to the environment are analyzed with the RCA method and immediate corrective action is undertaken. Third



party audits are performed by an RO member of IACS annually at the Danaos Shipping Piraeus office and twice within a 5 year cycle on board. The main purpose of these third party audits is to maintain the validity of the Company D.O.C. and Vessel S.M.C. by verifying the effectiveness of the Company SMS. The results of these audits are also analyzed with the RCA method and the corrective actions are incorporated within our system. During 2016 we have performed 68 internal audits as well as 66 third party audits carried out by DNV-GL, KR and LR to ensure that our systems remain in compliance with the ISM/ISPS Code, the ISO 9001, ISO 14001, ISO 50001 standards and the MLC Convention.

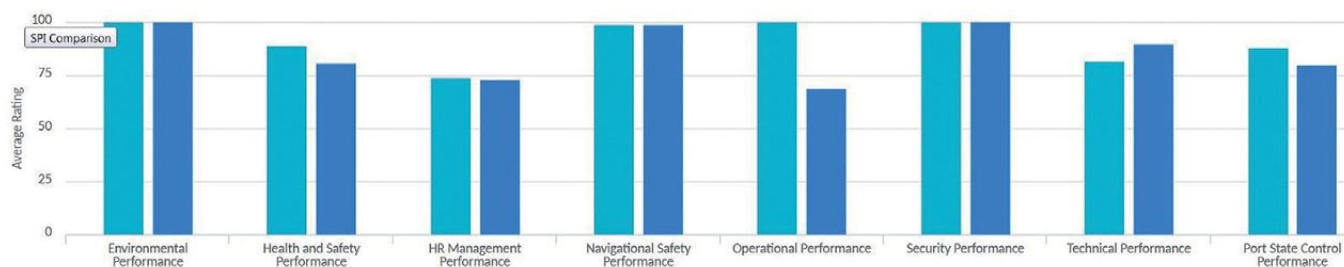
This year the MLC, 2006 Convention completed 5

years of implementation since its entry into force in 2013 and the majority of our fleet under management was due for Renewal Inspection prior the completion of 5-year cycle for each vessel. 44 MLC inspections were carried out by qualified MLC auditors without major deficiencies and vessels were certified successfully.

.Having established our own KPIs in pursuit of managerial excellence, we decided to participate in the BIMCO SHIPPING KPIs program, from the early stages of its inception. BIMCO SHIPPING KPIs allows ship-owners and managers to compare their ships' efficiency against the performance of the industry and sector averages. It is a well-organized standard, consisting of 64 different performance indicators (PIs) which are directly observable or measurable within the Company (such as: number of fire incidents, exposure hours, number of navigational related deficiencies, number of collisions etc.). The PIs then formulate the next level of Key Performance Indicators (KPIs) which measure the Company's performance in relation to the target set. The target is common for all participants and accepted as the industry standard. On the highest level, the KPIs combine with the shipping Performance Indexes (SPIs) in order to express the overall performance within specific main areas such as:

- Health and safety management and performance
- HR management performance
- Environmental performance
- Navigational safety performance
- Operational performance
- Security performance and
- Technical performance.

Shipping Performance Indexes



HANDLING EMERGENCY SITUATIONS

M/V CMA CGM SAMSON, whilst entering the port of Cape Town, South Africa, under pilotage, hit the breakwater and ran aground. After assessing the situation and with the tide rising, the vessel refloated under her own means and proceeded to the container terminal for cargo operation and necessary surveys. NO injuries, NO pollution and not any machinery failure occurred during the incident. Underwater and on board surveys by the Classification Society revealed only minor damage to the ship's bulbous bow; upon the completion of the cargo operation the vessel sailed off to her destination, Pointe Noir. CC Samson is serving the CMA CGM ASAF service line. A full investigation of the incident followed.

Anti- corruption Anti-Fraud Policy

The Company is committed to ethical behavior and values. Amongst its first priorities is to establish a corporate and working culture that enhances the value of ethics and promotes individual responsibility. To this effect the Company has established a Code of Business Conduct and Ethics, a Code of Conduct and Ethics for Corporate Officers and Directors and an Ethics and Compliance Policy, which set the highest standards for personnel conduct related to ethical behavior and alertness. The cornerstone in preventing fraud is the creation of an environment that fosters morality, integrity and business conduct. In developing the Code of Business Conduct and Ethics we have taken into account the ten principles of the United Nations Global Compact about labor, environment, anti-corruption and human rights. During 2018 there were no confirmed incidents of corruption nor any current public investigations or prosecutions for corruption against our Company.



ACTIONS AND FUTURE GOALS

Topics	Actions for 2017- 2018	Progress	Goals for 2019-2020
Employees	• Maintain the high percentage of employees in volunteer actions	• This year we got ahead with more employees participating in volunteer actions	• More employees' engagement to volunteering
	• Develop state of the art systems and train employees accordingly	• Well trained – experienced employees	• Additional and focused on specific needs training
	• Stay up-to-date with all new technologies and regulations, continue our work and focus on better environmental performance	• Continuous follow-up regulations and being up to date	• Well trained and familiar with new technologies and regulations employees to be competitive and achieve better performance
Crew	• Increase the reporting of near misses & reduce accidents onboard	• This year we had a significant increase of near-miss reports recorded in our system	• Focus on systematic analysis of the information retrieved through the Near-Miss reporting
	• Develop state of the art systems and train crew accordingly	• Continuous follow-up of regulations and stay up-to-date with all new technologies and regulations, continue our work and focus on better environmental performance	• Improve the flow of communication between ship and office
Society	• Keep up with the charity work towards organizations and institutions	• Increased the social programs and initiatives through which our employees can volunteer	• Explore new areas of need in the community and assist accordingly

Topics	Actions for 2017- 2018	Progress	Goals for 2019-2020
Environment	• Increase of material recycling	• Monitoring through ISO 14001 requirements	• Total collection & segregation of recycled materials
	• Include e-waste in our recycling process.	• Shipboard e-waste is included in Garbage Management Plan as per regulations	• Total collection /recycling Shipboard & Office
	• Danaos Shipping long-term project of inventory of hazardous materials is in progress aiming to cover 20% of IHM for the total fleet by the end of 2018	• Covered the 20% of IHM as planned during 2018 and continue with the issuance of Inventories of Hazardous Materials according to our goals for 2019-2020	• Aim to complete Inventories for 45% of the Fleet during 2019 and finalize the issuance of Inventories for the vessels required as per EU Regulation during 2020
	• To preserve the "0" DG cargo accident concept	• Continue with the monitoring of issuance of necessary declaration forms and statements for the proper follow up of approved Inventories	• Continue with the monitoring of issuance of necessary declaration forms and statements for the proper follow up of approved Inventories
	• Danaos Shipping aims to preserve the good records from the implementation of the Ballast Water Management Plan and by adopting new technology, improve the environmental footprint contributing towards a cleaner Marine environment	• Since Ballast Water Management Convention has come into force (8-Sept-2017), Company is in the process of installing Ballast Water Treatment System (BWTS) on all ships in order to comply with the IMO Regulation	• Every ship that is due it is equipped with BWTS as per Company's schedule. The goal is to ensure the successful installation onboard and ship's operation in an environmental friendly manner
Marketplace	• 85% (from 70%) of our major suppliers and more than 70% (50%) of our medium and small suppliers to been characterized as "green suppliers" through the assessment of relevant certifications they hold	• On Progress	• 85% (from 70%) of our major suppliers and more than 70% (50%) of our medium and small suppliers to been characterized as "green suppliers" through the assessment of relevant certifications they hold
	• Improving procurement policies and procedures, all key elements which contribute to responsible practices. Special attention to the extensive use of environmentally responsible vendors	• On Progress	• Improving procurement policies and procedures, all key elements which contribute to responsible practices. Special attention to the extensive use of environmentally responsible vendors

SUSTAINABLE DEVELOPMENT GOALS

At Danaos Shipping we have adopted the United Nations Agenda 2030, as expressed in the form of the Sustainable Development Goals for 2030. It is our decision to actively contribute to their achievement, through the promotion of environmental protection, health and safety and innovation.

We have made it our priority to contribute towards the Goals(SDGs) that are directly linked to our activities and all issues that are material to Danaos Shipping, as well as those that are considered Sector challenges. Here below you can find a list that links our material issues and initiatives with the Sustainable Development Goals that are closely linked with our activities and operations.

SDG	ISSUE	OUR RESPONSE - REFERENCE
 3 GOOD HEALTH AND WELL-BEING	•Emergency Preparedness •Occupational Health and Safety	•Our Employees
 4 QUALITY EDUCATION	•Training & Education	•Our Employees
 5 GENDER EQUALITY	•Employment	•Our Employees
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	•Service Quality	•Responsibility for our Clients
 13 CLIMATE ACTION	•Energy •Emissions	•Operations and Environmental Protection
 14 LIFE BELOW WATER	•Spills •Audits, Inspections, Surveys	•Operations and Environmental Protection
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	•Anti-corruption •Environmental Compliance	•Responsibility for our Clients •Operations & Environmental Protection

Boundaries and Limitations of Materiality Issues

MATERIAL ISSUES	INTERNAL BOUNDARIES (WHERE THE IMPACTS OCCUR)	EXTERNAL BOUNDARIES (WHERE THE IMPACTS OCCUR)	LIMITATIONS
Service Quality	Danaos Shipping Employees	Clients	The present report and its contents cover all the activities of Danaos Shipping
Employment	Danaos Shipping Employees	Communities	
Anti- corruption	Danaos Shipping Employees	Authorities Clients	
Audits, Inspections & Surveys	Danaos Shipping Employees	Authorities Clients	
Spills	Danaos Shipping Employees	Authorities Clients Communities NGOs	
Economic Performance	Danaos Shipping Employees	Authorities Clients	
Environmental Compliance	Danaos Shipping Employees	Authorities Clients Communities NGOs	
Labor / Management Relations	Danaos Shipping Employees		
Training and Education	Danaos Shipping Employees		

GRI Index

The present Sustainability Report of Danaos Shipping is the Company's third attempt to communicate its sustainability performance, and covers our activities during 2018. It was evaluated by the Centre for

Sustainability and Excellence (CSE) according to the reporting guidelines of GRI STANDARDS and was verified as an "in-accordance core" GRI Standards Report.

GRI STANDARDS NUMBER	DISCLOSURE TITLE	REPORTING REQUIREMENTS
General Disclosures		
Company Profile		
GRI 102-1	Name of the organization	About the Company
GRI 102-2	Activities, brands, products, and services	About the Company
GRI 102-3	Location of headquarters	3, Christaki Kombou Str., 3011, Limassol, Cyprus 14, Akti Kondyli Str., 18545, Piraeus, Greece
GRI 102-4	Location of operations	About the Company
GRI 102-5	Ownership and legal form	Corporate Governance
GRI 102-6	Markets served	About the Company
GRI 102-7	Scale of the organization	About the Company
GRI 102-8	Information on employees and other workers	Our Employees
GRI 102-9	Supply chain	Responsibility for our Clients
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes during the reporting period
GRI 102-11	Precautionary Principle or approach	About the Company
GRI 102-12	External initiatives	About the Company Employee and Community Engagement
GRI 102-13	Membership of associations	Participation in Associations, Events and Organizations

GRI STANDARDS NUMBER	DISCLOSURE TITLE	REPORTING REQUIREMENTS
Strategy		
GRI 102-14	Statement from senior decision-maker	Message from the Company's Management
Ethics and Integrity		
GRI 102-16	Values, principles, standards and norms of behavior	About the Company Our Policies & Certifications
Governance		
GRI 102-18	Governance structure	Corporate Governance
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	Our Stakeholders
GRI 102-41	Collective bargaining agreements	Our Employees
GRI 102-42	Identifying and selecting stakeholders	Our Stakeholders
GRI 102-43	Approach to stakeholder engagement	Our Stakeholders
GRI 102-44	Key topics and concerns raised	Our Stakeholders
Report Profile		
GRI 102-45	Entities included in the consolidated financial statements	Financial Information
GRI 102-46	Defining report content and topic Boundaries	Materiality Assessment
GRI 102-47	List of material topics	Materiality Assessment
GRI 102-48	Restatements of information	There are no restatements of information between this and the previous reports
GRI 102-49	Changes in reporting	There are no significant changes in our sustainability reporting process
GRI 102-50	Reporting period	Sustainability Report 2018
GRI 102-51	Date of most recent report	Our previous report was published in 2018 for our 2017 sustainability performance and initiatives
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Sustainability Report 2018
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option
GRI 102-55	GRI content index	GRI Index
GRI 102-56	External assurance	We have not sought external assurance for our sustainability report

GRI STANDARDS NUMBER	DISCLOSURE TITLE	REPORTING REQUIREMENTS
Specific Disclosures		
Economy		
Anti-corruption		
GRI 103	Management Approach	Anti-corruption
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
Environment		
Effluents and Waste		
GRI 103	Management Approach	Waste and Spills
GRI 306-3	Significant Spills	Waste and Spills
Environmental Compliance		
GRI 103	Management Approach	Operations & Environmental Compliance
GRI 307-1	Non-compliance with environmental laws and regulations	Operations & Environmental Compliance
Employees – Society – Services		
GRI 401 Employment		
GRI 103	Management Approach	Our Employees
GRI 401-1	New employee hires and employee turnover	Our Employees
Labor/ Management Relations		
GRI 103	Management Approach	Our Employees
GRI 402-1	Minimum notice periods regarding operational changes	Our Employees
Training and Education		
GRI 103	Management Approach	Training & Development of our Employees
GRI 404-1	Average hours for training per year per employee	Training & Development of our Employees
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Training & Development of our Employees
NON-GRI Material Topics		
Service Quality		
GRI 103	Management Approach	Responsibility for our Clients
Emergency Preparedness		
GRI 103	Management Approach	Operations & Environmental Protection Responsibility for our Clients
Audits, Inspections & Surveys		
GRI 103	Management Approach	Evaluation & Audit Inspections



This Sustainability Report has been conducted
by the Centre for Sustainability & Excellence

This publication is designed, prepared and edited by the Danaos CSR Department.



World-Class Shipping,
Leading-Edge Expertise

59

Ships

195

Staff Ashore

1237

Crew Onboard

1972

Year of Establishment

99%

Fleet Utilization

0.6

PSC Def Ratio

148

Trained Seafarers
in Greece

372

Training hours
in Greece (2018)

2335

Trained Seafarers in
Branches (2018)

3063

Training hours in
Branches (2018)

600

Seminar hours
(2018)

126

Bridge Simulator Training
Hours (2018)

158

Seminar Attendances for
Employees (2018)

